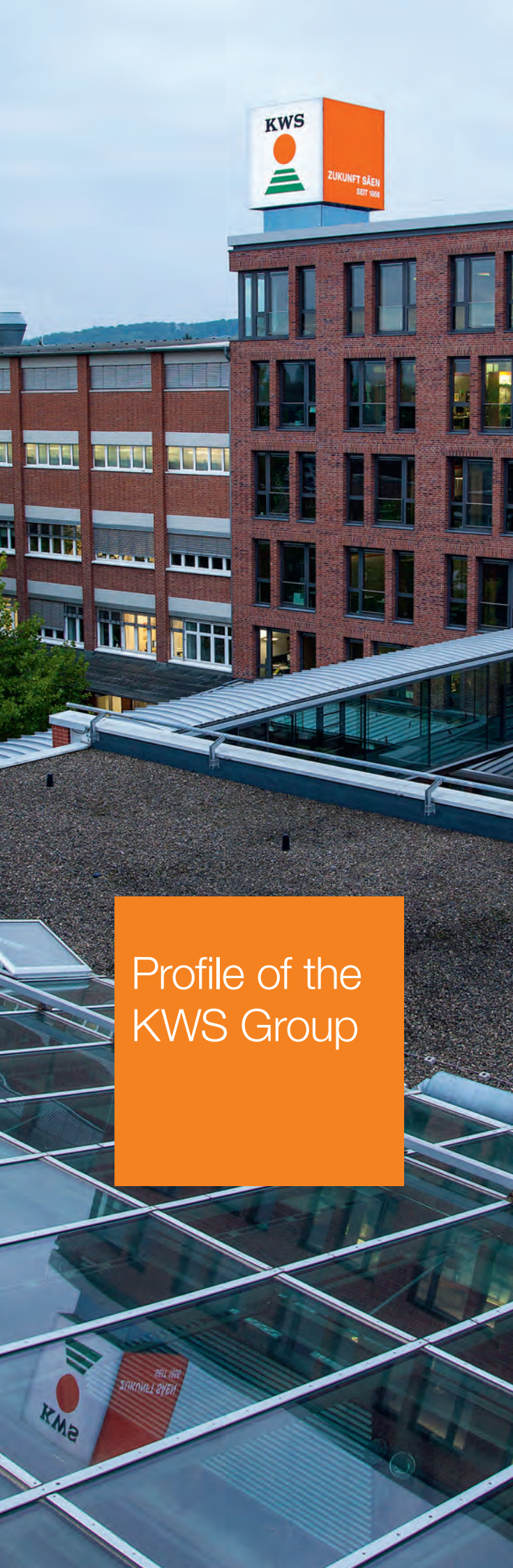




Corporate Sustainability
Report 2015/2016
Germany

**SEEDING
THE FUTURE**
SINCE 1856





Profile of the KWS Group

KWS is a plant breeding and seed company that was founded in 1856. With 4,843 employees and net sales of €1,036.8 million in fiscal 2015/2016, the group is now one of the world's leaders in agricultural plant breeding.

Value chain and products

We cover the complete value chain of a modern seed producer—from breeding of new varieties, multiplication and processing, to marketing of the seed and consulting for farmers. KWS' core competence lies in breeding new, high-performance varieties that are adapted to regional needs, such as climatic and soil conditions. The product portfolio includes plants for food and fodder and energy plants for the moderate and subtropical climatic zones, covering corn, sugarbeet, the cereals rye, wheat and barley, and oil plants such as rapeseed, sunflower and soybean. The company's direct customers include in particular farmers, the agricultural goods trade and sugar factories.

Owners

KWS SAAT SE, Einbeck, is the parent company of the international group, which has 62 subsidiaries and associated companies worldwide (at June 30, 2016). The majority of shares are held by the families Büchting and Arend Oetker.

Markets and presence

The KWS Group currently has a presence at more than 100 locations in more than 70 countries in the moderate climatic zones and in subtropical Brazil. We generate 43 % of our net sales in Europe (excluding Germany), 27 % in North and South America, 22 % in Germany and 8 % in the rest of the world.

Value Chain of KWS



* completely in co-operation with external partners

** partially in co-operation with external partners



Hagen Duenbostel, Chief Executive Officer of KWS SAAT SE

” We think and
act in terms of
generations—
and have done so
for 160 years.

Foreword by the Executive Board



corporate sustainability means an orientation to the future in what we do, i.e. striving to create lasting value and economic success—true to our 160-year tradition as a family business. The family owners substantially have shaped this culture of thinking and acting in a timeframe spanning generations, and it is a culture we also intend to uphold in the future. We therefore carefully address the economic, ecological and social challenges facing our company now and in the future.

On September 25, 2015, the UN General Assembly adopted the Agenda 2030 for Sustainable Development, including seventeen Sustainable Development Goals (SDGs). Core aspects of this are fostering economic growth, reducing inequalities in the standard of living, creating equality of opportunity and sustainable management of natural resources that ensures the conservation of ecosystems and also strengthens their resilience. One of the seventeen SDGs is, for example, to end hunger, achieve food security and promote sustainable agriculture. As a plant breeding and seed company, we pursue the company's vision of helping to solve the world's food problems with our high-yielding seed and agricultural know-how. Our goal is to achieve progress in yields of 1–2 % a year in agriculture. Improving the resistance of plants to diseases, pests and stress through breeding is an important lever in that.

In fiscal 2015/2016, we therefore once more invested a large share of our consolidated net sales—17.6 % or €182.4 million—in research into and development of new plant varieties. We gained new marketing approvals for around 400 varieties.

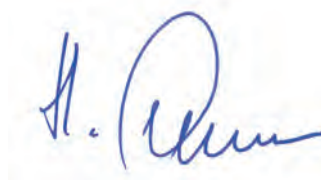
Goal-oriented, efficient plant breeding methods are vital to enable us to achieve our breeding objectives. For a number of years now, they have also included

the highly promising methods of genome editing. They can be used to modify building blocks in the genome very simply and precisely and so reduce the time needed to develop seed. The new plant varieties developed with it are nature-identical. However, the scientific, social and political implications of new methods must always be assessed comprehensively. We are therefore planning to conduct an open dialogue with our stakeholders on the use of genome editing in plant breeding at the beginning of 2017. We aim to leverage its future potential and seek possible solutions together.

Dear readers, at KWS our corporate sustainability and the responsibility that goes with it do not just relate to our products. We also strive to create good working conditions for our employees and ensure production that is friendly to the environment and the climate. We take stock of our ecological and social performance in the annual Sustainability Report, which I commend to you.

I would like to take this opportunity to thank all of our employees for their efforts day in, day out, for our company and in promoting its sustainability. I also thank you for your interest in our Sustainability Report and look forward to your feedback.

With best regards on behalf of the Executive Board,



Corporate Governance

Management and supervision

As a listed stock corporation, KWS SAAT SE has a system of dual management and supervision, consisting of the Executive Board and the Supervisory Board, in accordance with the German Corporate Governance Code (DCGK). Both bodies have strictly separate competencies and different members. The Executive Board runs the company on its own responsibility. The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in decisions that are of fundamental importance for the company.

The composition of the Executive Board and the Supervisory Board of KWS SAAT SE complies with the recommendations of the German Corporate Governance Code, with the exceptions specified in the declaration of compliance. The declaration of compliance can be found on page 60 of the Annual Report. There has been no change in the diversity of the Executive Board and Supervisory Board compared to the previous year (see the section “Diversity and Equal Opportunity” on page 28).

Evaluation of sustainability performance

The Executive Board and Supervisory Board discuss the company's current business situation and performance, market trends, the competitive environment, strategic alignment and the risk situation—continuously and proactively. The Executive Board receives analyses and reports on a regular basis or in response to a particular event. Examples that can be cited are reports on the progress of development work in research and breeding, as well as reports on reviews of the management systems, in particular on risks, quality and the environment, which are submitted to the Executive Board every year. There are also other reports on individual topics such as waste management and occupational safety. The Supervisory Board is provided with regular, timely and comprehensive reporting on relevant questions of strategy, planning, the business performance and situation of the company and the KWS Group, including the risk situation, risk management and compliance.

Performance-based compensation

The company's positive sustainable development is also reflected in the compensation for members of the Executive and Supervisory Boards. Their basic remuneration includes not only a basic salary, but also performance-based components that are linked to the company's success. The compensation of the Executive Board is set by the Supervisory Board and approved by the Annual Shareholders' Meeting. The compensation for the Supervisory Board is set by the Annual Shareholders' Meeting. The composition and level of the total compensation is disclosed on page 63 of the 2015/2016 Annual Report.

Corporate Management

The prime goal of our corporate strategy is to ensure KWS' independence, which is why it is geared to long-term profitable growth.

Opportunity Management

Our strategic planning is crucial to the KWS Group's further development. It defines strategic objectives, initiatives and core measures for existing activities and for potential new fields of business. The planning is based on a long-term horizon (10 years) and includes an analysis and assessment of market trends, competitors and the KWS Group's position. Strategic planning is carried out regularly. We believe that strategic success factors are in particular our intensive research, breeding of new, high-yielding varieties and continuous expansion of our global footprint so that we are on the ground in regional markets with their special climatic conditions.

Risik management

Our risk management system based on COSO II aims to identify and assess risks that negatively impact our business at an early stage and to control and report on them on this basis. As part of its audit of the annual financial statements for fiscal year 2015/2016, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft confirmed that our system for early detection of risks complies with the requirements under the German Stock Corporation Act. It also enables early identification of risks that jeopardize the company's existence.

Responsibility for sustainability and implementation

Strategic and operational responsibility for KWS' sustainable development lies in the hands of its Executive Board. The members of the Executive Board are jointly responsible for running KWS. Several times a year, the Executive Board, heads of the product segments and the heads of the group functions Research & Services, Controlling and Corporate Development & Communication discuss strategic projects in the Corporate Management Circle (CMC). Coordination in the CMC serves as the basis for decision-making; the main content of the deliberations relate to prioritization of strategic initiatives and premises for planning and targets. Overriding strategic issues of relevance to the corporate functions are dealt with in the Corporate Functions Circle (CFC). Internationally relevant management issues and questions of the company's development are discussed in the annual International Management Circle (IMC), which is composed of members of the CMC and managers of the KWS Group chosen on the basis of the subject at hand.

Corporate principles, rules and guidelines

Our guiding principles define the framework for our goal of creating sustainable and profitable growth for our customers, employees and investors. Our strategic decisions and day-to-day actions in operational business are guided by the following company principles:

- We increase genetic potential through outstanding research and breeding programs.
- We supply our farmers with seed of the very best quality.
- We aim to be a strong partner who earns the trust of our customers.
- We create entrepreneurial freedom and help people unfold their talents.

Our internal Rules, Guidelines and Procedures (RGPs) give all employees a common understanding

of the freedoms and decision-making processes within KWS. The RGPs are continuously improved by means of constant monitoring and feedback. They complement our existing guiding principles, with the objective of preserving KWS' unmistakable profile, also against the backdrop of the Group's increasing internationalization.

Corporate communications and stakeholder dialogue

We pursue a policy of open and transparent corporate communications and information. We hold the Dialogue Forum at KWS SAAT SE's headquarters in Einbeck to share information and views with representatives from various social groups on questions about the company's development which are of interest to the region. Focal topics of the Dialogue Forum in November 2015 were, for example, the KWS Group's business development, modern agriculture and plant breeding, investments at the Einbeck location and the refugee initiative "New Neighbors." The newsletter "KWS in Dialogue—News for Decision-makers" (KiD) continues to be a source of information among opinion leaders from business, politics and other representatives of public life since it first appeared in fiscal 2008/2009. The issues discussed range from bioenergy, open-air trials, biodiversity, genetic engineering, climate change and plant breeding to the global challenges facing agriculture. The KiD is available at the internet under: www.kws.de/presse.

KWS works in various national and international associations. The most important associations in whose governance bodies KWS plays an active role include: the German Plant Breeders Association (BDP), the German Association to Promote Private Plant Breeding (GFPI), Deutsches Maiskomitee e.V. (German Corn Committee), the European Seed Association (ESA), EuropaBio, the British Society of Plant Breeders (BSPB) and the International Seed Federation (ISF).

Essential KWS' memberships in fiscal 2015/2016

Name	KWS represented in management bodies	Participation in other bodies	Project work	Substantial funding of the organization
Germany				
Bioeconomy Council		■		
German Plant Breeders Association (BDP)	■	■	■	■
German Agricultural Society (DLG)		■		
German Corn Committee (DMK)	■	■		
Einbeck Marketing	■	■	■	■
German Association for the Promotion of Plant Innovations (GFPI)	■	■	■	
Modern Agriculture Forum		■	■	■
Climate Protection Companies. Climate Protection and Energy Efficiency Group of the German Business Community	■			■
Max Planck Institute for Plant Breeding Research	■	■		
Plant Technology of the Future (Plant 2030)			■	
SFG Sortenförderungsgesellschaft mbH		■		
Donors' Association for the Promotion of Sciences and the Humanities in Germany		■	■	
Southern Lower Saxony Foundation				■
Union for the Promotion of Oil and Protein Plants (UFOP)		■		
Europe				
British Society of Plant Breeders (BSPB)		■		
EuropaBio	■	■	■	
European Seed Association (ESA)	■	■	■	■
European Technology Platform „Plants for the Future“	■			
Union Française des Semenciers (UFS)	■			
International				
I.I.R.B. International Institute for Beet Research		■		
International Maize Genetics Community		■		
International Seed Federation (ISF)	■	■		
Committee on Eastern European Economic Relations / OAV German-Asia-Pacific Business Association (Agriculture Working Group)		■	■	

GRI indikator G4-16

Major Developments

10	Principles of Reporting
12	Economic Performance
13	Product Innovations
15	Modern Breeding Methods
17	Protection of Intellectual Property
17	Product Quality
19	Product Safety
20	Product Ecology
23	Business Ethics
24	Labor and Social Standards
26	Securing Junior Staff and Employee Development
28	Diversity and Equal Opportunity
30	Occupational Safety and Health Promotion
32	Environmental Standards in Operations
32	Plant and Process Safety
33	Sparing Use of Resources in Operations
36	Supplier Standards
36	Social Commitment

Major Developments

Principles of Reporting

Reporting period and consolidation

KWS has reported annually on the company's sustainable development since 2008. This ninth Sustainability Report relates to the past fiscal year 2015/2016 from July 1, 2015, to June 30, 2016, and—unless otherwise specified—covers KWS Group in Germany with its subsidiaries in Germany. It thus covers a total of 22 % of the KWS Group in terms of sales and 40 % in terms of workforce.

Report standard and issues

This report has been prepared in accordance with the specifications of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). The online report fulfills the "Core" option. In order to determine the topics of the report and the indicators, an analysis was conducted in early 2014 to identify and prioritize the main sustainability issues, with internal and external stakeholders being included in this process. The main criteria for structured prioritization included in particular actual and potential impacts of individual sustainability issues, the associated possible risks and opportunities for KWS, the likelihood of impacts occurring and their extent, financial and non-financial consequences, and the degree to which stakeholders were affected and their demands for transparency. As a result, 28 sustainability issues were identified as being material for KWS' reporting in accordance with GRI G4. They relate in particular to product responsibility, governance, economics and employees.

In view of the lower ecological impacts compared with other production companies and the sharp fluctuation in our use of resources, relevant environmental issues were mostly assessed as having moderate priority and thus as not being material for sustainability reporting. In a further analysis process, seventeen core issues and their priorities for the company were derived from the materiality analysis. They form the basis for the structure and focus of KWS' new Sustainability Report.

Data capture and auditing

The data and information in this report were compiled using manual queries and specific IT systems. The key economic figures in it were audited by the auditing firm Deloitte.

Expansion of sustainability reporting

We are currently working to internationalize our sustainability reporting, with the objective of expanding it so that it covers the main aspects of sustainability for the entire KWS Group and combining it with and integrating it in the Annual Report in the medium term.

Overview: KWS' core topics for corporate sustainable development

Subject area	Issues by materiality*		Derived core issues
	moderate	high	
Economics		<ul style="list-style-type: none"> Local business practices Protection of intellectual property Economic success 	<ul style="list-style-type: none"> Economic success Industrial property rights
Product Responsibility	<ul style="list-style-type: none"> Impacts of agricultural practices Biodiversity Bioenergy Protection of customers' data Support of small farmers 	<ul style="list-style-type: none"> Biotechnology/modern breeding methods Yield optimization Green genetic engineering Customer orientation Marketing and consulting Product innovations Product labeling Product quality Product safety Loss of land that can be used for agriculture 	<ul style="list-style-type: none"> Agricultural practices Modern breeding methods Product innovations Product quality Product safety
Corporate Governance		<ul style="list-style-type: none"> Anti-corruption Compliance Human rights/labor, social and environmental standards in the KWS Group Stakeholder dialogue/lobbying Economic, environmental and social standards in the supply chain 	<ul style="list-style-type: none"> Compliance Supplier standards Stakeholder dialogue Employment, social and environmental standards
Employees		<ul style="list-style-type: none"> Labor/management relations Occupational safety Training and education Company health promotion Equal opportunity/anti-discrimination Equal Pay Securing junior staff Diversity Work-life balance 	<ul style="list-style-type: none"> Securing junior staff and employee development Occupational safety and health promotion Equal opportunity and diversity
Environment	<ul style="list-style-type: none"> Waste Soil erosion Use of pesticides Emissions Energy consumption Material consumption Transportation Water consumption 	<ul style="list-style-type: none"> Plant and process safety 	<ul style="list-style-type: none"> Plant and process safety Use of resources
Society	<ul style="list-style-type: none"> Commitment to charitable works 		<ul style="list-style-type: none"> Social commitment

* Issues in alphabetical order; no issues of low relevance were identified

Economic Performance

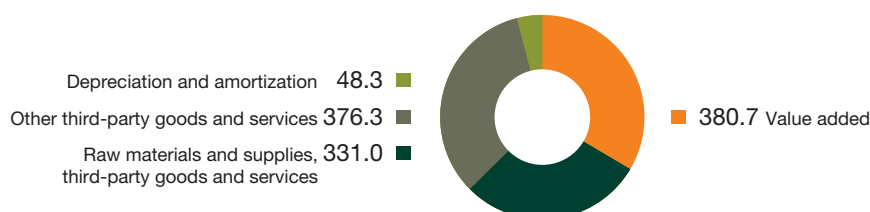
Net sales and EBIT

KWS Group was again able to grow further in fiscal 2015/2016, posting net sales of €1,036.8 million, a year-on-year increase of 5.2 %. Despite a large increase in our research and development expenditure and expansion of our distribution structures, our operating income (EBIT) was €112.8 million and thus on a par with the previous year. Our EBIT margin of 10.9 % means we are still above our long-term target of 10 %. As a result, we achieved very satisfactory earnings and were able to implement our long-term growth strategy successfully in the year under review, despite negative trends on the agricultural commodity exchanges and in some cases sharp drops in cultivation areas.

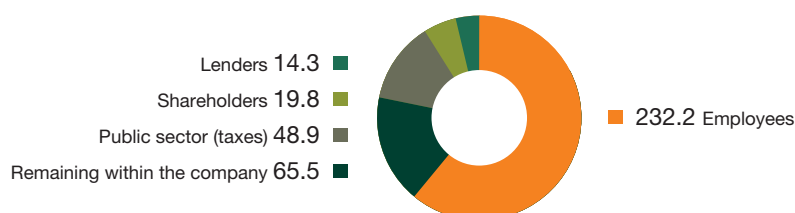
Economic value distributed to stakeholders

In fiscal 2015/2016, we distributed €1,070.8 million, or 94.2 %, of our total output of €1,136.2 million. Operating costs and thus payments to suppliers totaled €755.6 million, or 66.5 % of the company's output. Personnel expenses were €232.2 million, accounting for a ratio of 20.4 %. There were also interest and dividend payments to equity providers of €34.1 million (3.0 %) and tax payments to government bodies of €48.9 million (4.3 %).

Output of the KWS Group in fiscal 2015/2016 (in € millions)



Distribution of value added in fiscal 2015/2016 (in € millions)



In accordance with IFRS 11



Seeding the future—steady growth requires a 360-degree view of things.

Product Innovations

The goal of our research and breeding is to develop plant varieties that enable efficient and resource-sparing agriculture in the markets that are relevant to us.

Our breeding work is oriented toward farmers' needs and allows for the conditions at the location and the regional climate. Our prime objective is to increase yield, coupled with enabling ideal use of the available agricultural resources. Properties such as nutrient efficiency, drought tolerance and resistance to pests and diseases are intended to increase the plants' yield potential, achieve greater yield stability and enable efficient cultivation at marginal locations. However, we also take into account the quality requirements of processors and consumers and their demands for healthy food and fodder in our breeding work. Research and development expenditure in fiscal 2015/2016 was €182.4 million (previous year: €174.6 million) or 17.6 % of total net sales.

New herbicide-tolerant sugarbeet varieties

The herbicide-tolerant sugarbeet CONVISO® SMART, which was jointly developed by KWS and Bayer CropScience over many years of breeding work, entered its final phase of development in fiscal 2015/2016. This technology is based on a rarely occurring natural change in the sugarbeet's genetic makeup; it produces a tolerance to herbicides from the class of sulphonylureas (ALS inhibitors) and was developed using conventional breeding methods.

Various varieties were registered for the official performance tests in the markets of relevance to us in 2016. The chosen varieties are adapted to the specific conditions of the countries and bring together not only the new technology for herbicide tolerance, but also various resistances to plant diseases and pests. The CONVISO® SMART sugarbeet will make it possible to reduce the use of herbicides in sugarbeet farming. Initial new varieties will be available for cultivation as of 2018.

Genetically modified varieties

Genetically modified varieties accounted for 24.8 % of our consolidated net sales in fiscal 2015/2016. However, we market such varieties almost exclusively in North and South America. One example is the herbicide-tolerant Roundup Ready® sugarbeet varieties, which have successfully established themselves on the North American market since being launched in the U.S. in 2007. We are currently working on a second generation of herbicide-tolerant sugarbeet to address growing demand for tolerance to multiple herbicides. Further traits are currently being developed using genetic engineering.

Ecological varieties

Our company has been active for more than 15 years in selecting suitable varieties and producing seed for ecological agriculture. KWS has expertise in ecological agriculture as regards developing varieties that offer a stable yield and—due to fact that we run our own organic farm—in everyday practice. KWS is an important partner to ecological farmers. The Wiebrechtshausen monastery estate pools KWS' competence and know-how relating to ecologic seed and farming. The latest crossings are grown in field trials and examined by our breeders under real conditions to determine whether they are suitable for ecological agriculture.

Energy plants

With its research and breeding activities in the field of energy plants, KWS is making a major contribution to securing the supply of energy in the future and protecting the climate. Bioenergy is one of the most important sources of renewable energy for the end products of electricity, heat and fuel. Since 2002, KWS has pressed ahead with breeding agricultural crops for use as biogas substrates, for example under a special program for energy corn. As the biogas sector has expanded further, we have bred further crops that can be grown as substrates—sorghum, rye and sugarbeet varieties—specifically to meet the requirements demanded of biogas substrates under various conditions throughout Germany. KWS also advises its customers on all matters relating to plant cultivation and processing and storage of substrates.

Cooperation with research institutions and projects

Our breeding work is continuously adapted to the latest scientific and technical findings. Partnerships with public and private research institutions are vital in that. Together with industrial and academic research partners, we submitted eleven innovative project ideas that impressed the responsible ministries as part of this initiative and thus were able to follow up the successful collaboration in the funded program "Plant2030" (formerly GABI). KWS is also represented in many organizations and associations from the fields of plant research and breeding, as well as in bioeconomics. The prime goal is to

promote science and research, establish interdisciplinary research alliances and preserve scientific excellence in Germany. Among other things, KWS is a longstanding member of the GFPI, the German Association for the Promotion of Plant Innovations, and has for many years played an active part in the Bioeconomy Council, the independent advisory body to the German government.

Access to plant genetic resources

As part of the Nagoya Protocol, European and a large number of national regulations to preserve biodiversity have been enacted in the past two years. KWS supports the objectives of the Nagoya Protocol and thus sustainable use and fair sharing of the benefits from plant genetic resources. We have therefore undertaken great efforts to implement the complex provisions of the Nagoya Protocol. To enable that, we have established a system that provides us with efficient access to plant genetic resources in compliance with the guidelines and enables our scientists worldwide to document the origin of all genetic material for their product development work. However, we are also committed to expanding and strengthening the International Treaty on Plant Genetic Resources for Food and Agriculture as a generally applicable international convention for plant breeding. It is a tried-and-tested, efficient instrument governing the use of plant genetic resources.

Preservation of biodiversity

We launched the initiative "Capacity Development" in fiscal 2012/2013. Its aim is to contribute to the breeding and multiplication of the seed of locally adapted crop varieties in Peru and Ethiopia and help conserve crop diversity there. To achieve that, KWS is working with various cooperation partners to train scientists—mainly young plant breeders—locally as part of projects.

Modern Breeding Methods

Since KWS was founded, we have been committed to applying innovative breeding methods so as to develop high-quality seed and high-yielding varieties that enable efficient and resource-sparing agriculture.

Biotechnology methods

Plant breeding is a very costly and time-consuming business. Around ten years elapse between the first crossing and the actual marketing of a variety. It has become apparent over the past years that KWS' goal of annual breeding progress averaging 1 % to 2 % can only be achieved at higher and higher costs and efforts. In order to ensure a continuous increase in yields in the future as well, we as a plant breeder believe it to be vital not only to use conventional breeding, but also to leverage the potential for innovation offered by biotechnology methods and techniques. The breeding process can now be sped up and made far more efficient with the aid of biotechnology methods. Instead of random mixing of genetic material from parents, individual genes with a known function can be systematically introduced into subsequent generations. Biotechnology methods also enable natural barriers to crossing to be overcome and for traits outside a species to be transferred. The field of plant biotechnology comprises numerous techniques and methods from very different subject areas, such as molecular biology, microbiology, systems biology and biochemistry, as well as process engineering and genetic engineering.

KWS' guidelines for the use of genetic engineering

The potential of new techniques is evaluated by our experienced scientists and breeders and all the opportunities and risks are weighed carefully before they are used. KWS has defined its own principles to govern how it applies genetic engineering methods. We use these genetic engineering methods and techniques openly and transparently at all times and are well aware of our responsibilities. Genetic engineering methods are used preferentially in the breeding process only if they are better able than conventional methods to achieve the breeding objective in question. That is the case, for example, if the genes for a desired trait do not occur in the specific species' gene pool and so cannot be transferred to crop varieties by crossing. KWS will



New variety candidates—first generations in the greenhouse.

continue to use genetic engineering methods to improve crops within the framework permitted by law. The accompanying independent research conducted on the use of green genetic engineering over the past 25 years has shown that the genetically improved crops developed to date do not have any scientifically proven negative impacts on the environment and health. At the end of 2015, the KWS Group was successfully certified for the first time in accordance with the industry standard "ETS-Excellence through Stewardship," which aims to promote product responsibility and quality management systems throughout the lifecycle of agricultural technology products.

New breeding methods

The past years have seen the development of several high-precision, molecular biology methods that open up new prospects for plant breeding and so are growing in importance for us. Some of these methods can be used to develop plant varieties with desired traits very precisely and in a far shorter time. The results are nature-identical and the plants do not differ from conventionally bred ones in terms of their genetic makeup or traits. We have therefore identified "new breeding technologies" and in particular genome editing methods as a field of research that is important to us.



A keen eye—precise observation is indispensable.

Phenotyping in plant breeding

Phenotyping—the assessment of plant traits in the laboratory or field—has made enormous advances in the past years. New image sensor technologies using scanners permit faster, more precise analysis of plant traits directly on the plant during their vegetation period without the need for harvesting. As a result, the properties and traits can be tracked selectively as they develop in the same plants over the entire lifecycle. In addition, work is being carried out to develop detection techniques for plant structures that are difficult to analyze or are hidden, such as roots. We have invested for years in developing our own innovative technologies and techniques. The near-infrared spectroscopy (NIRS) analysis method is already a standard in determining the constituents of some of our crops, for example. Installed on harvesting machines, the NIRS technology makes it possible to determine sugar content during harvesting, for example. KWS also participates in the Committee for Field Phenotyping established in 2013 by the GFPI, the German Association for the Promotion of Plant Innovations. Together with scientists from a number of fields, the committee discusses possible future applications and research issues relating to use of this technology in plant breeding so as to use the results as the basis for new research strategies.

Importance of bioinformatics approaches for plant breeding

Progress in the field of breeding methods is also driven by the innovative bioinformatics approaches. Many plant properties are controlled by an entire set of genes, each one of which only makes a small contribution. In order to be able to predict such complex traits for further breeding, all active DNA regions must be identified and their influence on different traits assessed. This is possible by linking extensive genetic marker information for entire plant populations with data measured in the field. Bio-statistical models can be used to calculate the proportional contributions made to development of a trait and so ultimately the plant's potential for further breeding. That eliminates the need for lengthy field trials for that purpose. KWS is now working intensively on an approach using genomic selection for the crops corn and sugarbeet.

Fields of research such as genome research, marker technologies or automated phenotyping continuously generate huge volumes of heterogeneous data, which is used as the basis for making sound scientific and breeding decisions. As part of that, KWS increasingly uses complex information technologies that enable data from different fields of research to be linked together and important interconnections to be discovered by means of data mining. To enable that, we invest in smart database architectures that are tailored specifically to R&D requirements, as well as data storage, processing and analysis standards for all crops.

Protection of Intellectual Property

Protecting intellectual property is vital for us to recoup our high expenditure on research and development.

Variety protection is a tried-and-tested instrument for protecting our plant varieties and, thanks to the breeder's exemption, also safeguards access to plant genetic resources for further breeding. We also welcome patent protection to protect our investments in state-of-the-art technologies. It is important for us to have unhindered access to biological starting material and to protect our intellectual property in the form of innovative plant varieties and new breeding technologies.

As part of the development and use of modern technologies in research, there are increasingly patents in plant breeding which restrict free access to breeding material and disrupt the balance between variety and patent protection. That is especially true of patented "native traits" and methods and properties in the field of genome editing. In order to promote innovation in research, yet ensure access to biological breeding material, KWS advocates including a breeder's exemption in national patent law so that commercially available varieties containing patented elements can continue to be used in breeding. Only if the patented element is still contained in the newly bred variety do breeders have to obtain a license from the holder of the rights so that they can put the variety on the market. However, a patent holder is not obliged to grant a license for the patented element; award of the license may also be attached to high financial demands. KWS is therefore in favor of concept approaches that ensure fair access to patented elements. One example of that is the industry-wide license platform for "native traits" patents in the field of vegetables. The platform gives all interested parties access to patented elements at fair terms and conditions. It also contains a contractual breeder's exemption for all members of the platform.

Product Quality

The quality of its seed is one of the key competitive factors for KWS. With our international quality management activities, we help ensure that our standards of quality for products and processes are achieved throughout the group.

Group-wide product quality standards and quality testing

The minimum qualities of seed for sale are regulated by law. However, the KWS Group applies far higher internal standards than legally required. The main product quality parameters include visual and technical properties, such as varietal purity, homogeneity of the grain size, thousand grain weight, degree of dressing, dressing appearance and abrasion resistance, germination capacity, sprouting strength and field emergence.

To meet these quality standards, KWS' seed undergoes extensive quality testing in all phases of production. These tests relate to our own production activities and those of outside companies we engage. The requirements and time of, as well as responsibilities for, the tests and the measures to be

Life is green—germination capacity and sprouting strength are vital for growth.



taken in response to deviations are precisely defined in an internal regulatory and process control system. Laboratory tests are mainly carried out in our own facilities in accordance with the methods specified by the International Seed Testing Association (ISTA). KWS' testing laboratory in Bergen is certified in accordance with DIN ISO 17025. The results of the quality tests are documented in special databases.

Our quality tests begin during multiplication in the field—a process that is carried out worldwide at all multiplication stations and is closely accompanied by KWS. Following the harvest, we conduct quality tests when we take delivery of the raw goods. Further tests are then performed as part of drying, cleaning and calibration, as well as when the seed is treated with pesticide and packaged. The seed is packaged and certified in Germany under official control, for example by the Chamber of Agriculture in Hanover. Even after market launch, the varieties are still monitored by KWS, public authorities or institutes, for example to ascertain the consistency of their performance or field emergence. The emergence tests are conducted for all sugarbeet seed producers in nationwide variety trials coordinated by the Institute of Sugarbeet Research (IfZ). In fiscal 2015/2016, KWS occupies top positions among the varieties with the greatest market importance in Germany.

Handling of defective products, complaints and customer satisfaction

The KWS Group has defined regulations on how defective raw goods and semi-finished and finished products are handled. The objective is to prevent inadvertent, erroneous further processing or shipment of raw goods, semi-finished products and finished products that do not meet our quality requirements. Complaints about products are

likewise recorded, described, documented and reported centrally on the basis of specific procedural instructions. Every complaint is examined in detail and discussed together with the customer. We also conduct regular customer satisfaction surveys to assess our customers' satisfaction with KWS' products, support and consulting. That helps us identify any need for action and initiate appropriate measures.

Further development of product quality

Ensuring high seed quality and further enhancement of key quality parameters is a continuous process and a focus of KWS' research and development work. All activities relating to seed quality are designed, coordinated and conducted by a multidisciplinary team.

Our range of activities comprises practical projects (such as optimization of agricultural technologies in the field of seed multiplication, further development of process engineering in the areas of processing and pelleting) and basic research work. One of the focal areas of research is to develop and utilize new or alternative methods of describing seed quality. KWS cooperates with universities and other institutes in some of the projects. They will make a major contribution to helping KWS continuously improve the quality of seed for its varieties and keep it at a high level.

Quality management

The rules and standards for ensuring the quality of our products and for handling complaints are defined in KWS' international Rules, Guidelines and Procedures in compliance with the requirements of the international quality management standard DIN EN ISO 9001. In areas of risk, internal audits are conducted with the objective of continuously improving processes. The Einbeck and Bergen locations have been certified on the basis of this standard and undergo an annual external audit as part of that. There were no critical deviations in fiscal year 2015/2016. The effectiveness of our quality management is again reflected in the very low ratio of complaints for our products in fiscal 2015/2016.



Seed christening—the right label for every variety.



A beet from every pellet—only controlled seed is delivered.

Product Safety

Product safety is a major aspect of sustainability for a company whose product—seed—is at the beginning of the food value chain. Our responsibility relates essentially to ensuring use of the seed does not harm people and the ecology in the further course of the value-added process and, related to this, adequate labeling of seed with regard to protection of users and the environment.

Minimizing health and ecological risks in seed dressing

Our products are dressed with pesticides in line with customers' wishes. This seed treatment disinfects the grain and so protects the seedling against pests in the soil. Its goal is to achieve maximum field emergence. Seed treatment is subject to strict regulations. First, only legally permitted pesticides and quantities are applied. Second, the abrasion resistance of the finished seed is stringently controlled using the Heubach test to minimize dust drift during sowing. The technical methods for seed dressing and the recipes and additives are developed by KWS itself and tested intensively before being used on commercial seed. In principle, the active agent concentration in pesticides is controlled in our company's own laboratories before they are used.

The dressing is applied in special seed processing plants in order to ensure the greatest-possible protection of the environment and safety for health in the dressing process and in use of the dressed seed. We have a total of three seed processing plants of our own in Germany for dressing sugarbeet, cereals and rapeseed seed. The plants in Einbeck and Bergen have already been certified in compliance with SeedGuard, the system used in the German industry. In processing commercial corn seed in Germany, we cooperate with service providers that are likewise certified in accordance with SeedGuard. SeedGuard confirms compliance with the necessary standards for process management, risk analysis and staff qualification.

Required product labeling

Our products are labeled in compliance with national statutory regulations. In particular, dressed seed must be labeled so as to prevent incorrect use of it. The European Seed Association (ESA)—an initiative of the seed and pesticide industry—has developed warning pictograms that are used on most packaging. More than 90 % of KWS' seed products use this labeling. In addition, farmers are provided with informational material, such as brochures, which also contains explanations on the warnings on the packaging. All the active substances used have been reported to the Emergency Contact Centers for Cases of Poisoning in Germany. There are also statutory regulations for labeling genetically modified seed.



Nature's power plants—grain peas supply nitrogen for natural fertilization.

Product Ecology

The ecological compatibility of our seed and environmentally-friendly farming methods are the permanent focus of our product development and consulting for customers. One key concern of ours is to preserve soil fertility.

Biologicals—an alternative and supplement to chemicals in the product and on the field

KWS is currently evaluating the significance of biologicals as an alternative and supplement to the current standard methods of dressing seed with chemicals. Biologicals include organic fertilizers, biostimulants and biological dressing agents containing one or more strains of living micro-organisms as active substances. There is growing interest in this alternative, since a more ecological, longer and more sustained effect is expected from them than from chemical dressings. Chemical residues in the soil and unwanted side effects, as is the case with many chemical dressings, are avoided. Moreover, there is growing pressure in Europe on the dressing agents used to date in the form of stronger registration restrictions. In France, for example, all insecticides of the systemic neonicotinoid class will be banned as of 2020.

KWS has addressed the topic of biologicals in the field of sugarbeet for some time now. Initial activities to launch biologicals that protect against stress are already underway in regions with marginal conditions (such as Eastern Europe). Higher yields for farmers are anticipated.

In fiscal 2015/2016, we launched a project to evaluate the significance of biologicals as an alternative and supplement to the current standard methods of dressing seed with chemicals. As part of that, demand in KWS' individual segments and the current offerings of global biological manufacturers were ascertained.

In the coming years, we will proactively accompany development of biologicals for sugarbeet, hybrid rye, rapeseed, sorghum and sunflower—crops that tends to be regarded as niches on the world market, but are highly relevant to our business—and monitor market trends for corn, wheat and barley. The active substance formulations for biologicals are of key importance to our product developments. KWS is therefore in contact with relevant producers to accompany the development process up to a product that can be used in practice.

Preservation of soil fertility

For more than 20 years, we have conducted various agrotechnical trials aimed at reducing erosion by wind and water and thus the removal and leaching of nutrients. These trials revealed that the use of mulch

tillage for sugarbeet has positive effects. In this method, the soil not plowed, but turned. That means the residues of the catch crop and the preceding crop remain on the surface and the same or even a higher yield is achieved compared to plowing. Mulch tillage is now predominantly used for growing sugarbeet in Germany.

Our eight catch crop mixtures we market under the name AckerFit also help preserve soil fertility and prevent erosion. They are ideally suited for cultivation between two main crops, for example to break up the crop rotation cycle and increase the nutrients available to beneficial organisms as a result of the variety of plants.

Supply of plant nutrients to the soil

In organic farming, it is especially important to make good use of basic nutrients, such as nitrogen, which is a limiting factor to plant growth. Mineral nitrogen is not permitted as a fertilizer, so alternative sources of nitrogen have to be used. Consequently, we are testing cultivation of legumes, or to be specific grain peas, at KWS' Wiebrechtshausen monastery estate as a means of introducing nitrogen into the crop rotation cycle through plants and at the same time increasing the amount of protein plants supply when used in animal feed. Domestic legumes, such as grain peas and broad beans, from the breeding program are used in the field, as a monoculture and mixed with various types of cereal.

We offer farmers who are interested in growing legumes practical information and enable intensive dialogue among colleagues and experts. The Protein Plant Field Day that was established in 2015 was organized and staged this year in addition to the now 12-year cooperation with Lower Saxony's Chamber of Agriculture in the shape of the EFN project (Protein Feed from Lower Saxony) and was attended by many farmers.

Extensive and customized consulting and information platforms

In Germany we maintain a closely-knit network of consultants in specific crops and ensure that customers are provided with care and support on site. Solution concepts tailored to the specific farm are formulated together with customers. That comprises advice on the right variety to choose for a specific location as well as recommendations on crop rotation, tilling, use of fertilizer and measures to protect plants. Our sales employees keep their knowledge up-to-date in all questions having to do with growing the crops we offer. They are supported by AgroService, the linking element between sales and science and breeding. On the basis of scientific findings and its own trials, AgroService creates the foundation for professionally sound advice. So that we can continue enhancing our consulting expertise, AgroService cooperates closely with agricultural and scientific institutions.

In addition to its customized, personal consulting, KWS has offered farmers expert digital consulting on the crops corn, sugarbeet, wheat, barley, rye and rapeseed in German-speaking countries with the CultiVent Farm Service since 2015. The portal provides cultivation-specific information for various regions. There are more than 40 tools on focal topics of sowing (e.g. a calculator to determine seed requirements), cultivation (e.g. a damage pattern finder for sugarbeet diseases) and aids to plan harvesting, use and economics. The offering is continuously expanded. The Silage Manager for Corn, for example, contains condensed knowledge on ensilage, the process involved and silage management. The new "Roggenstimme" ("Rye Voice") provides weekly information on the subject areas of cultivation, market, feed, breeding, human nutrition and biogas. A cereal seed hotline was recently set up to deal with questions relating to the availability of seed and quality for this year's fall sowing season. In this way, we enable farmers to utilize KWS' consulting services on plant growing anytime, anywhere, and so—along with personal consulting—offer efficient and forward-looking consulting and communication.

We also provide our customers with printed information on varieties and notify them of the latest trends and developments in mailing campaigns and talks. Innovative technology, such as smartphone apps, round out the consulting we offer customers.

Events and Trade Shows

KWS regularly attends the German Agricultural Society's Field Days, the most important plant cultivation fair in Europe. It was held last year at the Mariaburghausen estate in Lower Franconia and attracted 22,000 visitors. KWS provided information on the latest varieties in demonstration plots. Among other things, a winter wheat variety from KWS' special breeding program for organic farming was presented. In one-on-one talks with expert consultants, farmers were able to share notes on topical issues in plant cultivation and get to know new consulting offerings from the CultiVent KWS Farm Service platform. KWS offers consulting on varieties and nurtures intensive contacts with customers during the year by means of a large number of

regional field days. They are traditionally held for the crops sugarbeet and corn or for cereals to reflect their growth stage and the season where the individual performance of the varieties is best visible to farmers on the field, e.g. in late summer for corn. 34 Agricultural Forums were staged during the winter months in order to provide farmers with the latest expert information for the 2016 vegetation period.

DLG Field Days—trade visitors learn more in every weather, even in rubber boots.



Business Ethics

The KWS Group has enshrined the fundamentals for ethical business practices in its “Code of Business Ethics” (CoBE). KWS’ Compliance Management System defines regulations that apply internationally to all KWS employees. All employees are obligated to abide by the compliance regulations in all processes, decisions and everyday activities in full and at all times. Regular compliance risk analyses are conducted for all business segments and regions and measures derived from them are initiated.

Code of Conduct for employees

There are specific compliance guidelines that build on the CoBE, in particular on antitrust law, data privacy and prevention of corruption and insider trading. Executives are obliged in their sphere of responsibility to work toward ensuring that the compliance regulations are known and heeded.

The Chief Compliance Officer and specialized employees from the central function Corporate Compliance Office advise management, the business segments and employees of the KWS Group on compliance-related matters and initiate training and communication measures. In addition, an external compliance hotline staffed by an independent attorney at law can be reached at all times.

Handling suspected violations, actual violations and sanctions

Suspected violations of the rules can be reported to supervisors, directly to the Corporate Compliance Office or to the external compliance hotline. Compliance cases are analyzed in accordance with KWS’ regulations “Procedures of internal Compliance Notification.” All suspected violations, even those reported anonymously, are investigated and penalties are imposed if they prove founded. The sanctions range from disciplinary measures to criminal proceedings. They depend on the gravity of the violations, the degree of the person’s breach of duty, the functional level, behavior after the violation and the consequences of the violation.

Risk analysis and control

The Corporate Compliance Office records compliance risks regularly in cooperation with Corporate Risk Management, Internal Auditing and external auditors. The Corporate Compliance Office analyzes compliance risks in its own sphere of responsibility. The Corporate Risk Management obtains information on the implemented measures from the persons responsible for controls and checks on compliance with the minimum requirements at the companies. The auditors conduct examinations for defined compliance risks as part of auditing projects. Internal Auditing examines whether formal requirements are observed.

Adequacy and effectiveness of the Compliance Management System

The Compliance Management System is based on seven criteria in accordance with IDW PS 980: culture, objectives, risks, program, organization, communication and monitoring. KWS conducted a concept design audit in accordance with IDW PS 980 in the reporting period. The main recommendation was greater intermeshing of it with the Risk Management System, whose concept is currently being designed.

If adaptations to the system are required due to growth, expansion of our international business activity into new markets, an increase in the workforce or other factors, the steps that need to be initiated are examined. These are discussed with all business segments in order to identify balanced solutions and targeted measures. The same applies to ideas and suggestions that come from the KWS Group or auditing projects.

It is very important in all measures to ensure that employees’ freedom in making decisions on their own is not unnecessarily constrained, but that instead their personal responsibility is strengthened and fostered and that our corporate culture of a working relationship founded on trust is not impaired. Balanced and effective solutions are a key factor in the success of our compliance system.

The Chief Compliance Officer reports regularly to the Executive Board and Audit Committee on current developments and further development of the Compliance Management System.

Significant compliance violations that could have caused damage to our company or third parties were not known in Germany in the reporting period. As in previous years, there were also no complaints relating to data privacy or proceedings against the company due to anti-competitive behavior in our business operations. In addition, there were no violations, fines or penalties due to non-compliance with product-related regulations relating to product labeling, effects on people's health and safety and advertising. There were also no violations against environmental laws or regulations.

Labor and Social Standards

KWS is committed to fair labor and social standards throughout the group and ensures they are observed. It goes without saying that we apply existing labor and social standards under local legislation wherever we operate.

The main labor standards entrenched in our group-wide "Rules, Guidelines & Procedures" include the following:

- Every employee of the KWS Group has a written contract of employment that complies with labor and social insurance legislation.
- KWS is committed to complying with the standards of the ILO relating to child labor and applicable anti-discrimination laws in recruiting personnel and filling posts.
- In addition, KWS complies worldwide with the local statutory regulations in relation to the principle of "equal pay for equal work."
- Technical, organizational and occupational health measures are taken to prevent occupational accidents and diseases.

Open and trusted dialogue is also of great importance at KWS. We also nurture that dialogue between our employees and their representatives and management. In regions where there is no employee representative body, we attach importance to mutual respect and dialogue between regional management and employees.

KWS offers fair, market-oriented compensation and suitable pension benefits. Our employees' health, coupled with the aim of maintaining a suitable work-life balance, is at the core of KWS' further efforts.

There are additionally the following labor and social standards in Germany:

Employee representative bodies

Employees' interests are represented collectively by bodies such as the elected Works Councils and the persons entrusted with representing young people and trainees. 92 % of the 1,908 employees were represented in this way in fiscal 2015/2016. The working relationship between employee representatives and management is characterized by a constructive climate of trust. The working relationship with the European Employee Committee (EEC), which represents the interests of KWS SAAT SE's workforce, is also harmonious. It was established in the past fiscal year and always becomes involved in matters affecting the relevant rights and obligations of employees from at least two EU countries.

Compensation

A collective bargaining agreement ensuring compensation at a fair market level applies to almost 80 % of employees. The compensation of non-exempt employees was increased as a result of the negotiations on the collective bargaining agreement in 2015, under which there is particular focus on the social component and enabling employees to achieve a better work-life balance: From July 2015 on, their compensation was increased by €60 a month and will be raised by a further €90 a month as of July 2016. In addition, all non-exempt employees received a one-off special payment of €500 gross in July 2016. Compensation for trainees in all years of their training increased by €30 a month. Employees continued to share in KWS' success in the shape of a

non-recurring dividend-based payment. Capital-forming payments of €40 a month have been paid as of July 2015, regardless of the employee's individually agreed working hours. The employer's contributions to capital-forming payments for trainees have been raised to €30 a month. This arrangement benefits in particular part-time employees and trainees, making it easier for them to build up their own capital.

Types of contract

The ratio of permanent employment contracts in the past fiscal year was 80 % and was roughly equal for men and women. 80 % of our employees worked full-time; 53 % of them were men and 47 % women.

Seasonal workers and loan workers

Due to the seasonal course of business that is typical for the agricultural sector, we regularly employ seasonal workers. The figure for these in fiscal 2015/2016 was 120. We still use loan workers to a small extent only. There was a tiny rise in the summer months, since qualified experts in the field of technology were needed for a short time to cope with peak periods.

Flexible working time models

KWS offers flexible working time models to help employees reconcile their professional and private lives. Two company agreements govern flexible working hours in eighteen resultant work patterns and models. While flexitime regulations apply to staffers in administration, the seasonal nature of our business means there are fixed working times in production, where employees can reduce the hours they have accumulated in their time account after labor-intensive production and field campaigns. In addition, employees can work from a home office if their field of activity is suitable for that.

Parental leave and leave to care for family members

Flexible working time models and the possibility of working from a home office make it easy for employees to return from parental leave. This family-friendly support is supplemented by a child care allowance. The effectiveness of these measures is proven by the steadily increasing number of employees who are on

parental leave and a very high ratio of them who return to work. In fiscal 2015/2016, 95 employees took parental leave and 100 % of them returned to the company afterwards.

We also offer employees the opportunity to take leave or reduce their working hours if they would like to look after dependents who need caring for. That means employees can halve their working hours for up to two years, for example, and, thanks to an allowance from KWS, still earn 75 % of their previous salary, without the need to repay the allowance.

Semi-retirement, old-age pension and Employee Stock Program

Despite the fact that the regulatory framework is now very restrictive, KWS grants semi-retirement to older employees in justified exceptional cases. As to employees' retirement pensions, there is as standard a provident fund financed by the employer. KWS voluntarily offers a supplementary retirement provision for employees with a private pension plan. In addition, all employees are offered advice on pension-related matters.

Under the Employee Stock Program, employees of KWS have the possibility of acquiring shares in the company at preferential conditions and thus becoming co-owners. A taxable allowance of 20 % on the share purchase price is granted. As in previous years, around 20 % of the workforce took part in the Employee Stock Program in 2015/2016. An average of 19 (25) shares was issued to participants. We regard these indicators as proof of our employees' trust and confidence, since the purchase price per share is still very high and the stock market was very volatile at the time the shares were purchased.

Recuperation and leisure

KWS has its own vacation home in Bad Grund in the Harz Mountains. The number of overnight stays in fiscal 2015/2016 was 2,197, at the same high level as the previous year.

Securing Junior Staff and Employee Development

We have developed various strategies and programs to find the right colleagues and help them develop further. The objective is to cover the KWS Group's quantitative and qualitative personnel requirements to match its strategic objectives.

1,908 people were employed at KWS in Germany at the end of fiscal 2015/2016—47 % of them in research and development, 12 % in production, 20 % in distribution and 21 % in administration.

Recruiting qualified employees

We work hard to make sure we are seen as an attractive employer by external applicants—by career starters and experienced professionals alike. Our activities focus on modern means of online communications, participation in selected career fairs and systematic establishment of an efficient network. At the same time we have intensified our recruitment activities, strengthening our cooperation with relevant universities, institutions and organizations in Germany and abroad.

We also offer school pupils and students the opportunity to work as an intern at KWS or write their

Machines need industrial mechanics—technical understanding coupled with craftsmanship and a fine touch.

degree theses. In Germany, students can also obtain support in the form of scholarships (e.g. a Germany Scholarship). KWS awarded Ferdinand von Lochow Scholarships for the first time in the 2015/2016 Winter Semester. This support is granted to outstanding students of agricultural sciences who deal intensively with research topics in the field of cereals.

Vocational training and induction programs

KWS employed 97 (previous year: 100) young people in Germany in fiscal 2015/2016. As in the past year, 24 (25) trainees took part in our trainee program. KWS also offers three dual courses of study in Germany: in business management, informatics and agricultural sciences. There is still considerable demand to participate in the Breeders Academy, which we offer to career starters wishing to become plant breeders.

Personnel planning and recruiting

Personnel planning and recruiting are coordinated processes in which employees from the specialized and HR departments are involved. In general, every post to be filled at KWS is advertised internally. As a result, we give every employee the opportunity to apply for vacancies on their own initiative. In the past fiscal year, KWS hired 57 (76) new employees with a permanent contract of employment in Germany, an increase of almost 4.0 %. Most of the new hiring (42 %) this time was in the age group 20- to 29-year-olds, followed by 30- to 39-year-olds (32 %) and 40- to 49-year-olds (21 %).

Employee development is of key importance

Employee development has always been of key importance at KWS. We are convinced that these measures have made a major contribution to our company's positive development and will continue to do so. Above all, we help our employees acquire skills that are demanded by our global business environment with its ever-changing general conditions: constant innovation, customer orientation and modern communications. To achieve that mission, KWS continuously updates and expands its integrated personnel development landscape.



The performance and career development review, which is consistent throughout the group and whose core element is dialogue between employee and manager, was held for 51.4 % (51.2 %) of the workforce. In Germany, 54.4 % of employees in production, 52.8 % in R&D, 44.1 % in administration and 39.1 % in distribution had a performance and career development review.

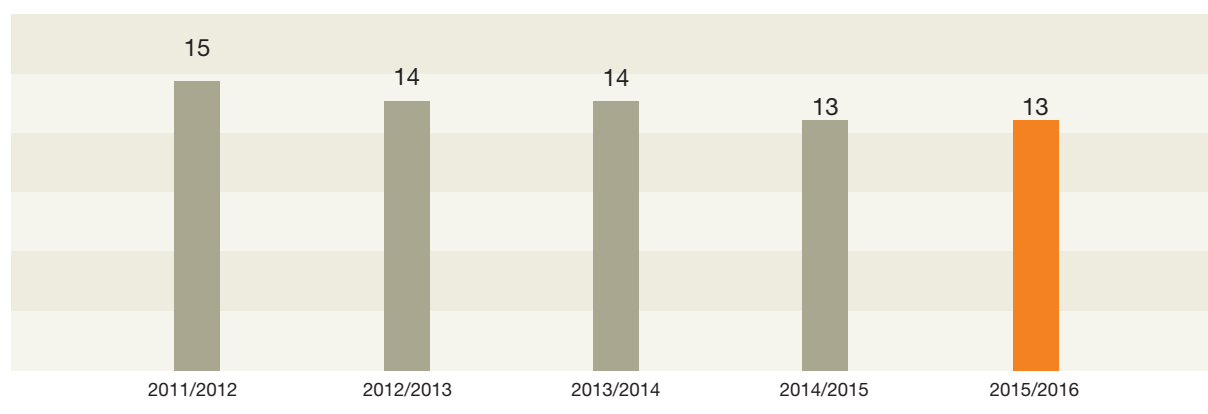
In addition, a group-wide successor and talent management system was rolled out. In accordance with our strategic corporate alignment and shared values, development meetings are held in management groups consisting of participants from different locations and units. The findings that are obtained provide a stimulus for the individual employee's further development and personal growth. The Orientation Center is a development program for experts, junior staff and executives at KWS. It addresses strategic and intercultural aspects to a greater extent and gives participants suggestions for their personal and professional development. The proven development programs were also continued: The Sparring Circles for executives enable sharing of ideas on questions of operational management. KWS On Board gives an extensive insight into our corporate strategy, culture and values. In addition, the International Development Program 2015/2016 offers experts and executives an additional opportunity to enhance their personal and professional strengths in an innovative, international environment.

Our data shows that the average hours of training per year per employee in Germany was 18, as in the previous year. Administration again accounted for the highest average hours of training (33; previous year: 37). 54 different programs were offered at Einbeck as part of the in-house seminar program. By taking up this diverse range of offerings, employees can expand their professional expertise, leadership skills or change competency, optimize their entrepreneurial competence or social skills and take part in IT training.

Satisfied employees

The average length of service in German remained at the very high level of 13 years. In addition, the rate of employee turnover increased by 0.5 percentage points to 2.5 % in fiscal 2015/2016—which we regard as still being very low. We remain committed to fairness and respect toward each other, as well as to fostering openness and mutual support. The values of a family business with a 160-year tradition are the basis for our relationship.

Average length of service at KWS in Germany
In years





Young and dynamic team—respect, support, growing together.



Diversity and Equal Opportunity

Equal opportunities and rights for all, regardless of culture, nationality, gender and age, are principles at our company. The anti-discrimination guidelines and rules to ensure mutual respect among employees are a firm part of the internal “Code of Business Ethics”, which is binding on all employees.

Similar salary for comparable work

“Equal pay for equal work” is an internal principle at KWS. Our main focus is that all employees who perform identical or similar activities also receive a similar salary.

An analysis of the basic salaries of women and men at the four tiers Senior Management, Upper Middle Management, Middle Management and Other Employees in the reporting period showed that, as in the previous year, we comply with the principle of “equal pay for equal work.”

Equality between women and men

It is clearly visible that equal treatment for women and men is practiced at various levels. The ratio of men and women throughout the company and in all the company’s functional areas is virtually the same, for example. That is also true of the ratio of men and women who have a permanent or temporary contract of employment with KWS. Figures we have collected in the area of personnel development also show they have the same access to training and education and performance and career development reviews.

Women in management positions

It goes without saying that diversity and equal opportunity at KWS also means that women have the same career opportunities as men: 49 % of KWS’ total workforce are women. Women play a key role in many areas of the company: The share of women in management is 16 %, while it is 9 % in critical posts, i.e. in the two tiers below the Executive Board. 25 % of the members of the Executive Board are women, while the figure for the Supervisory Board is 17 %.

Overview: Ratio of women at KWS in Germany

Area of the company	Ratio of women at 06/30/2015	Ratio of women at 06/30/2016
Total workforce	49 %	49 %
Management	15 %	16 %
Critical posts (first and second tier below the Executive Board of KWS SAAT SE)	10 %	9 %
Executive Board of KWS SAAT SE	25 %	25 %
Supervisory Board of KWS SE	17 %	17 %

Target ratio for women in the tiers at KWS in Germany

	Target at 06/30/2017	Ratio of women at 06/30/2016
First tier below the Executive Board of KWS SAAT SE	15 %	9 %
Second tier below the Executive Board of KWS SAAT SE	10 %	9 %

Pursuant to the “Act on Equal Participation of Women and Men in Management Positions in the Private and Public Sectors” in Germany, the Executive Board of KWS SAAT SE has defined targets for the ratio of women. These targets extend to the two tiers below the Executive Board.

Balanced age structure at KWS

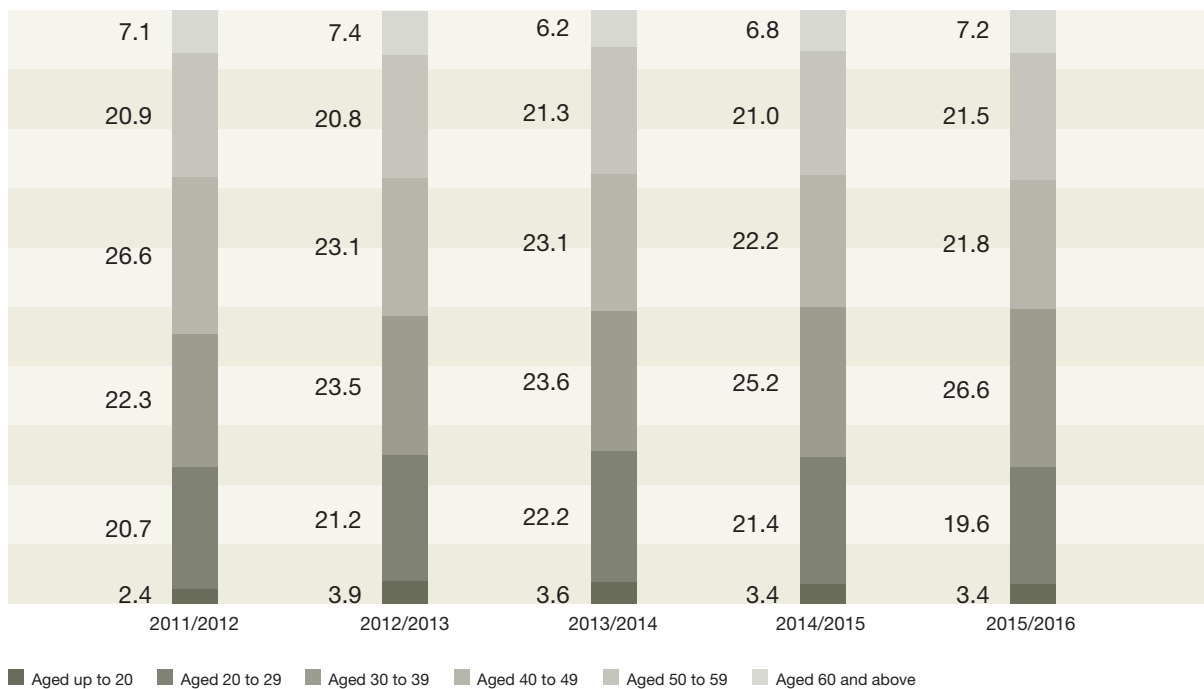
An analysis of the workforce’s age structure also reveals a stable picture over several years, as is also the case on our management bodies.

Diversity as a competitive advantage

We believe that diversity, as displayed in the attitudes, knowledge, skills and ideas of our employees, is a key value. The different cultures and expertise of our employees make a major contribution to helping us understand our markets and customers better, increase our creativity and innovativeness and thus achieve lasting success.

Age structure of employees at KWS in Germany

In %





Good wood—and a precise fit thanks to an exact cut.

Occupational Safety and Health Promotion

KWS aims to offer a safe working environment. Guidelines help KWS employees minimize risks and avoid situations that may result in accidents or illness.

Of particular relevance to occupational safety are agricultural activities on the trial areas at breeding stations, work in the seed processing plants and the use of external companies, maintenance work, handling of hazardous substances and transportation within the company.

Organization of work safety

Experts in occupational safety and healthcare provide support in these fields and are assisted by external service providers. As part of the regular instruction we give, and on the basis of an analysis and assessment of risks, it is a constant concern of ours to heighten attentiveness at the workplace so that we can continue to reduce the number of accidents.

Guidelines for occupational safety

- Employees are given instruction and training in safety matters at their specific location. Responsibilities and internal reporting requirements must be defined accordingly. Only qualified and appropriately instructed employees carry out work in safety-sensitive areas.
- Suitable protective equipment must be worn.
- Technical and organizational precautions to prevent occupational accidents and to carry out immediate safety measures in the event of a crisis are in place.
- Machinery may only be used if it has been tested and approved in accordance with suitable safety standards, such as those demanded as part of CE certification.
- Necessary medical check-ups must be initiated by the employee's supervisor.

Occupational accidents in the reporting period

Per 1,000 full-time employees, they are well below the average for enterprises in the agricultural occupational accident social insurance fund responsible for KWS in Germany. In the past fiscal year we recorded 26 accidents that were required to be reported, i.e. were accidents where more than 3 days were lost, for the German locations of KWS SAAT SE and KWS LOCHOW GMBH. The ratio of occupational accidents that were obliged to be reported thus increased by 8 % year on year. We recorded 14 occupational accidents that were required to be reported per 1,000 full-time employees, or 8 per 1 million working hours.

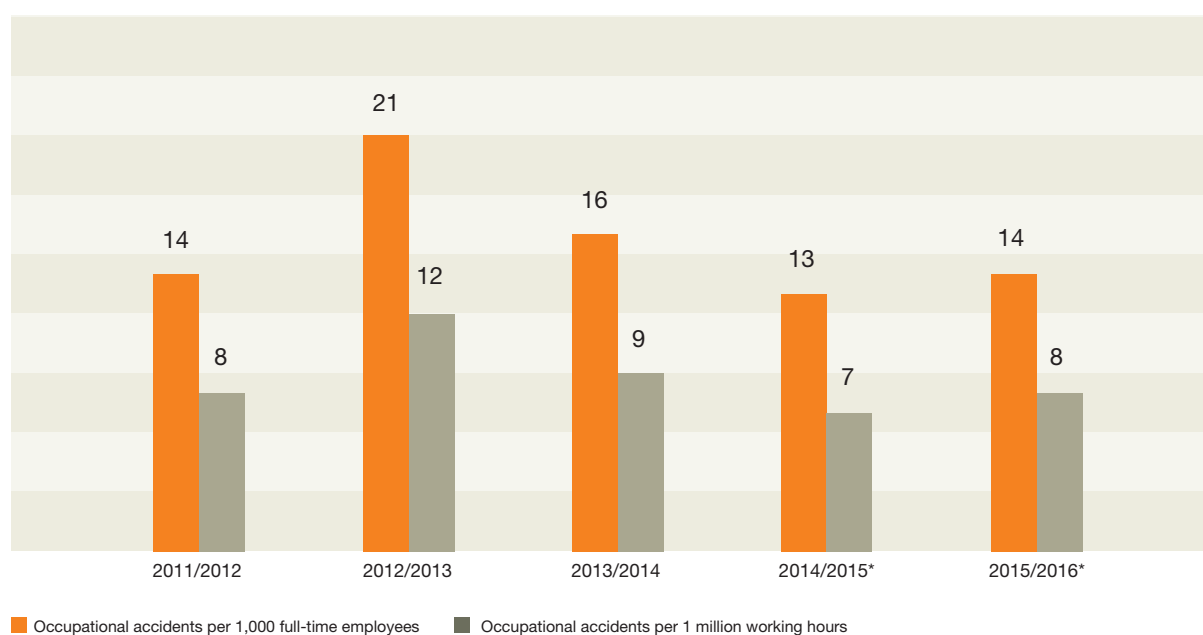
Health management

The health management initiative launched in 2013/2014 has become a firm part of our working relationship. Under the slogan "Creating Awareness," a fitness studio accompanies entire departments. These programs specifically reduce an incorrect posture that may arise as a result of desk jobs or heavy physical work, such as in production. The workplace assessments prescribed by law will in future also include analyses relating to potential physical strains and how to prevent them.

The sickness absence rate in fiscal 2015/2016 was 3.5 % and has not changed fundamentally compared with previous years.

Occupational accidents and days lost at KWS SAAT SE and LOCHOW GMBH in fiscal 2015/2016

Number



Caption to the graphic: Occupational accidents only include those that must be reported to the occupational accident social insurance fund.

Environmental Standards in Operations

The KWS Group is committed to protecting the environment and has enshrined that commitment in internal regulations. This obligation is always heeded in procuring, distributing and using resources. All KWS employees are urged to use resources responsibly and as efficiently as possible.

- Production facilities that may negatively impact the soil, water or air must be operated in compliance with national legislation. The company also has standards of its own that apply to technical plant.
- Work processes are based on company standards that are audited and on internationally recognized certification.
- Technical and organizational precautions are in place to prevent incidents that are harmful to the environment.
- In order to avoid pollution of the environment, employees are instructed in how to handle and store hazardous substances correctly.
- Waste is disposed of and recycled in compliance with national legislation and the company's standards. Waste may only be disposed of if there is no suitable way of recycling it.
- The relevant statutory provisions must be observed in transporting hazardous substances and objects.
- Energy must be generated and used efficiently. Regenerative sources of energy, such as biomass, wind, sun and water, must be given preference.
- Water must—where possible—be recycled or treated.

Plant and Process Safety

In seed processing, pesticide in the form of dressing is applied to the seed. Our seed processing plants are therefore of particular relevance to the environment. Emissions are produced in this step. KWS has taken appropriate technical and organizational precautions to prevent hazardous substances from being released into the environment.

Organization of environmental responsibility and operation of plants

In Germany, operation of plants of relevance to the environment and organization of the processes are governed in KWS' international Rules, Guidelines & Procedures. All work that is carried out, including repair, maintenance and controls, is documented. If disruptions to operations occur, emergency measures are initiated right away by the company fire department and Facility Management staff to stop environmentally harmful emissions from occurring immediately by means of suitable measures. When processes are innovated or plant is renovated, this is done in compliance with the best state of the art. Employees in these areas of production are further qualified by regular instruction and training in good professional practices and must also produce proof that they have the know-how required for handling pesticides.

Waste water

There was a total of 414 m³ of waste water from internal production containing pesticides (0.6 % of total waste water) in Germany in fiscal 2015/2016. At the Einbeck location, KWS operates a waste water purification plant, in which this waste water is treated in compliance with the prescribed municipal thresholds and then discharged into the public sewerage system. The plant was modernized in fiscal years 2014/2015 and 2015/2016 and the ultraviolet oxidation method was introduced. During this period, the waste water was therefore disposed of by recognized specialized firms.



Transparent processes—automatic control of seed processing.

Dusts

Seed dusts are produced during the treatment process. The dusts are largely biological waste. Small quantities of the dust are contaminated with pesticides. Some of the unpolluted dusts are returned to the treatment process or recycled in composting plants or as fodder. Dusts containing pesticides are likewise disposed of by approved waste management facilities.

Auditing of the environmental management system

In the reporting period, there were six internal environmental audits in Einbeck and at breeding stations with seed processing plants. They related to waste water purification, the workshop, the Kleinwanzleben breeding station, waste management, logistics/hazardous material and handling pesticides. Recommendations and tips on improving processes are handled as part of audit management. The annual monitoring audit of the external certifier in accordance with ISO 14001 did not reveal any deviations at the Einbeck location. Overall, the results of the internal and external audits confirmed that the plants are operated properly and in accordance with environmental requirements. No environmental incidents occurred.

Sparing Use of Resources in Operations

KWS' environmental policy stipulates that resources must be used efficiently and ecologically. Essentially energy, water and pesticides are used in the process of seed production. However, the weather-related fluctuations in the quantity and quantity of seed harvested each year means that the use of these resources can only be controlled to a certain extent.

Use of pesticides

Pesticides are used in research and breeding, on the trial areas and as a seed dressing as economically and efficiently as possible, in compliance with the law and in accordance with the rules of good professional practice. That is not only important for cost reasons, but also to avoid adverse ecological impacts on the soil as far as possible, since intact soil is one of the key production factors for KWS. Employees who use pesticides have been trained in handling them and other hazardous substances. The quantity of pesticide applied in research and development during the vegetation period on the trial areas and in the greenhouses and their active substance are based on the current occurrence of diseases and pests, the number of trials and the size of the trial areas. 1,745 liters (previous year: 3,113 liters) and 0.9 tons (previous year: 0.5 tons) of pesticide were applied by KWS SAAT SE at its Einbeck location and at KWS LOCHOW at its Bergen location during the vegetation period in fiscal 2015/2016. 611 tons (546 tons) of pesticide in the form of seed dressing were applied.



Flooded with light—waste water purification by ultraviolet oxidation.

Use of energy and renewable energies

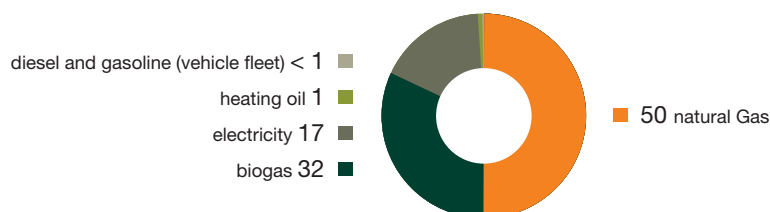
In fiscal 2015/2016, we purchased 83,208 MWh of energy altogether for KWS SAAT SE at the Einbeck site and for all locations of KWS LOCHOW GMBH. The lion's share of energy is used in production for seed processing and for breeding in the greenhouses, followed by the vehicle fleet; only a very small proportion is used for office buildings. The share of renewable energy sources in total energy purchased was 32 %. Biogas has been used at the block-type thermal power station at Einbeck since 2010. In absolute terms, power consumption rose by 15 % in the reporting period. The increase in power consumption is due in particular to HVAC for the greenhouses and plant cultivation rooms and, at the Einbeck site, to commissioning of a new office building. We therefore always endeavor to ensure energy efficiency in controlling processes that consume power. We conducted systematic energy audits in accordance with the ISO 16247 standard

and analyzed the potential for saving energy last fiscal year. This relates, for example, to optimization of the supply of compressed air for the seed processing plants or generation of cold from heat using the principle of absorption for the HVAC of the greenhouses.

Greenhouse gas emissions and climate protection

In 2015/2016, we began reporting on greenhouse gas emissions for the first time in accordance with the stipulations of the Greenhouse Gas Protocol (GHG Protocol), consolidated for KWS SAAT SE at the Einbeck site and for all locations of KWS LOCHOW GMBH. We produced a total of 35,626 tons of carbon dioxide equivalent (previous year: 29,551 tons) in direct and indirect greenhouse gas emissions.

Purchased energy sources of KWS SAAT SE (Einbeck site) and KWS LOCHOW GMBH in fiscal 2015/2016
in %



As direct emissions, we currently report power consumption for our own production plants, greenhouses, the block-type thermal power station, vehicle fleet and administration; indirect emissions relate to the purchase of electricity. We also report indirect emissions caused by external transport logistics and business trips by our employees using public transport.

Direct and indirect greenhouse gas emissions rose year on year by a total of 20 %. This is attributable in particular to higher power consumption. In addition, data relating to transport logistics for KWS LOCHOW GMBH was included. In the future we will work to improve our greenhouse gas reporting further and expand it to relevant areas, in particular services provided by third parties.

Transport logistics accounts for a significant part of our greenhouse gas footprint. All transport logistics processes, which we handle fully with external service providers, are therefore controlled by a central logistics function at KWS with regard to efficiency and their contribution to environmental protection. All means of shipment, such as truck, ship, air and rail, are used. Transportation by ship is preferred for overseas consignments. Air transport is used to convey seed only in exceptional cases, if the time window between the dates of the seed harvest is not sufficient due to contra-seasonal seed production during the winter in South America and the directly ensuing sowing season in Northern Europe.

Water consumption and waste water

We use water in particular for watering in the greenhouses and for washing in production. Well water is mainly used and, in smaller quantities, drinking water and rainwater. In the past fiscal year, a total of 119,712 m³ (previous year: 123,652 m³) and thus 3.2 % less water was used by KWS SAAT SE at its Einbeck site and all locations of KWS LOCHOW GMBH. This is due to a reduction in the amount required for watering. The quantities of waste water were 64,248 m³ (59,969 m³), an increase of 7.1 %. This is the result of a rise in water for production for processing seed and operation of the cooling systems.

Avoidance and reduction of waste

The volume of waste mainly depends on production quantities and the quality of harvests. Biological waste is produced for the most part, since seed is almost wholly a natural product. The total volume of waste at KWS SAAT SE at Einbeck and at all locations of KWS LOCHOW GMBH was 3,921 tons, a drop of 24.7 % over the previous year (5,235 tons). The goal is to avoid waste at best or at least reduce it. The organic-mineral dusts produced in pelleting sugarbeet seed were again returned to the process to a volume of 113 tons (previous year: 116 tons). Waste is sorted and, in accordance with its composition, recycled or disposed of in an environmentally-friendly manner.

Investments in environmental protection

Investments to reduce the environmental impact in the area of buildings and energy totaled €1.7 million in the reporting period 2015/2016 and related to waste water purification, filter systems and firewater retention. The measures for repair and maintenance of buildings and energy systems amounted to €1.9 million. The planned total budget of €4.4 million for repairs and investments in the area of buildings and energy was not implemented due to changes in planning in the fiscal year. Environmental investments totaling €2.8 million in the area of buildings and energy are planned for the current fiscal year 2016/2017. The capital spending budget is mainly earmarked for construction of a new central cooling plant in order to ensure energy-efficient cold generation long term. €2.2 million has been budgeted for repair and maintenance.

Supplier Standards

KWS is also committed to establishing sustainability standards at its suppliers and service providers. The Supplier Code of Business Ethics (SCBE) comprises requirements on ethical business practices (human rights, equal treatment, occupational safety) for suppliers and service providers of KWS.

KWS purchases goods and services worldwide. However, the lion's share (around 90 %) is from OECD countries with high statutory standards. Around half of our procurement volume relates to raw goods or processed seed, since a major share of production at the Corn and Cereals Segments is handled through external production partners. A significant proportion of the procurement budget is also accounted for by royalties paid to technology companies. In addition, pesticides and coating components, transportation services and other materials and services are bought in.

Social Commitment

Our focus in the area of social commitment is to promote initiatives and projects in science, education, social welfare and culture through donations and sponsorship. In particular, we support science and research in the field of plant breeding and biotechnology. We are also committed to helping develop the regions around our locations, which are mostly of a rural character.

Growth is good—young plant breeders acquiring first experiences.



Promotion of science and research

Our spending on promotion of science and research in fiscal 2015/2016 was €409,500 at Einbeck and Bergen, a 7.7 % increase over the previous year (€380,000). Since 2007, we have funded an endowed chair for "Crop-Plant Biodiversity and Breeding Informatics" at the University of Hohenheim. This funding was €100,000 in the past fiscal year. In addition, we have supported the endowed chair for East Asian Studies at the University of Göttingen with an annual amount of €20,000 a year since 2008. We also contributed €14,400 as part of our participation in the national scholarship program of German universities at the University of Göttingen. We regularly support a large number of professional organizations, congresses and events with a national and international orientation.

Regional support

KWS spent a total of €396,000 (previous year: €204,000) on regional support at its Einbeck and Bergen locations in fiscal 2015/2016. That includes funding for Einbeck Marketing Gesellschaft für Wirtschaftsförderung, Stadtmarketing, Veranstaltungungs- und Tourismusservice mbH. We also contributed to staging concerts and exhibitions and supporting education initiatives, schools, sports associations and non-profit organizations, in particular ones that support humanitarian objectives, encourage dialogue between generations or support the disadvantaged. In Einbeck, KWS has supported the "Ackerdemia" project for three years. In it, primary schoolchildren create their own garden, tend it and consume or sell the harvest and thus learn how to handle plants and get an idea of the value of food.

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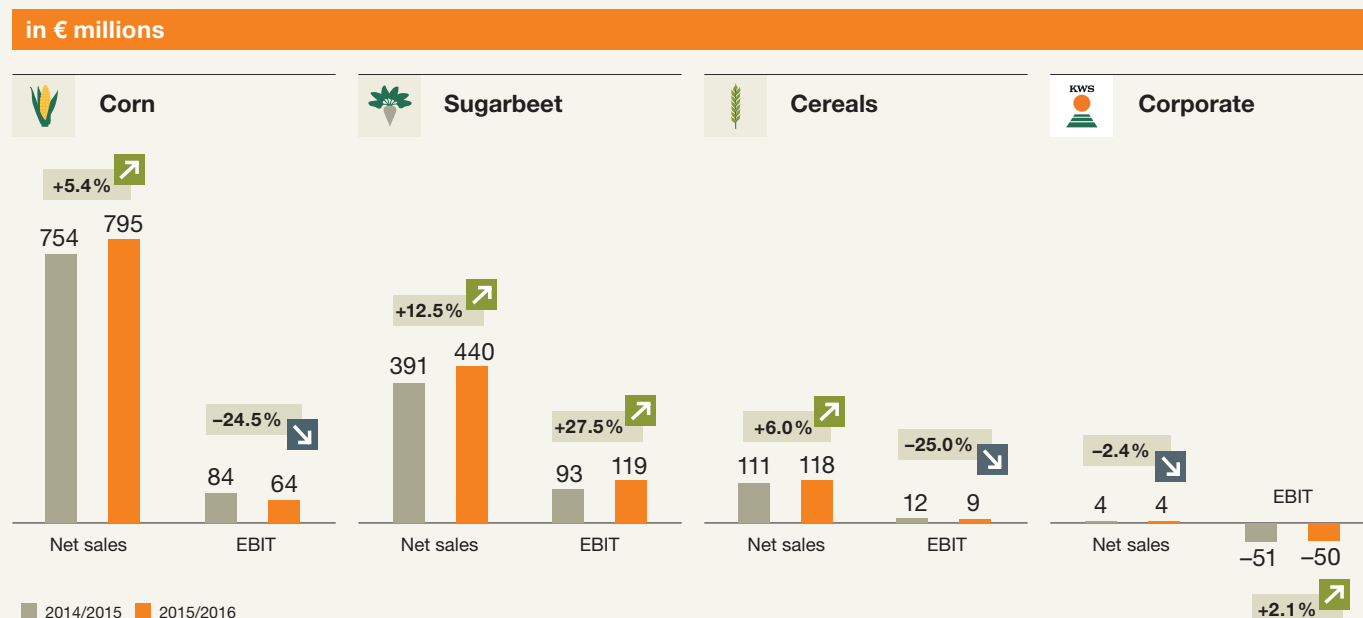
Key Figures

Economics

Key financial figures of KWS Group

in € millions	2014/2015	2015/2016
Net sales and income		
Net sales	986.0	1,036.8
EBIT	113.4	112.8
as a % of net sales (EBIT margin)	11.5	10.9
Net financial income/expenses	16.7	14.8
Net income for the year	84.0	85.3
Key figures on the financial position and assets		
Capital expenditure	132.5	99.6
Depreciation and amortization	45.9	48.2
Equity	738.7	767.9
Equity ratio in %	55.2	53.5
Return on equity in %	13.6	11.9
Return on assets in %	7.8	7.0
Net debt ¹	105.9	87.9
Total assets	1,337.1	1,436.6
Capital employed (avg.) ²	851.0	906.9
ROCE (avg.) in % ³	13.3	12.4
Cash flow from operating activities	48.1	125.9

Segments



Reconciliation for 2015/2016

in € millions	Segments	Reconciliation	KWS Group
Net sales	1,356.8	-320.0	1,036.8
EBIT	141.1	-28.3	112.8

¹ Short-term + long-term borrowings – cash and cash equivalents – securities

² Total capital employed at end of the quarters: (intangible assets + property, plant and equipment + inventories + trade receivables – trade payables) / 4

³ EBIT/capital employed (avg.)

The KWS Group's generated, distributed and retained economic value

in € millions	2014/2015*	2015/2016*
Direct economic value generated	1,103.1	1,136.3
Total output		
Net sales	986.0	1,036.8
Other income	117.1	99.5
Distributed economic value:	1,038.9	1,070.8
Operating expenses	739.4	755.6
Raw materials and supplies, third-party goods and services	315.4	331.0
Depreciation and amortization	49.5	48.3
Other third-party goods and services	374.5	376.3
Personnel expenses	216.9	232.2
Wages and salaries	176.1	188.2
Pensions and social benefits	40.8	44.0
Equity providers	32.2	34.1
Shareholders	19.8	19.8
Lenders	12.4	14.3
Public sector: Tax payments	50.4	48.9
Retained economic value	64.2	65.5

GRI indicator G4-EC1

* in accordance with IFRS 11

Research & Development

The KWS Group's expenditure on research and breeding

		2014/2015*	2015/2016*
Total	€ million	174.6	182.4
Ratio of total sales	%	17.7	17.6

* In accordance with IFRS 11

Marketing approvals of the KWS Group

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	303	276	336	429	397

Employee per regions and functions

The KWS Group's employees by region

Number	2011/2012	2012/2013	2013/2014	2014/2015*	2015/2016*
Total	3,852	4,443	4,847	4,691	4,843
Germany	1,589	1,674	1,763	1,868	1,908
Europe (excluding Germany)	1,062	1,139	1,222	1,401	1,449
Americas	752	805	1,711	1,234	1,280
Rest of world	449	825	151	188	206

GRI indicator G4-9

* In accordance with IFRS 11

Personnel structure by function at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	–	1,763	1,868	1,908
Research & development	–	–	842	882	901
Production	–	–	212	222	229
Distribution	–	–	358	383	381
Administration	–	–	351	381	397

Contract types

Permanent and temporary contracts of employment by gender at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	1,676	1,763	1,868	1,908
Permanent contracts	–	1,329	1,382	1,483	1,533
Women	–	638	653	698	721
Men	–	691	729	785	812
Temporary contracts	–	347	382	385	375
Women	–	218	226	220	216
Men	–	129	156	165	160

GRI indicator G4-10

Permanent and temporary employment contracts by full-time and part-time and gender at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	–	1,763	1,868	1,908
Permanent contracts	–	–	1,382	1,483	1,533
Full-time	–	–	1,063	1,148	1,183
Women	–	–	396	419	427
Men	–	–	668	730	756
Part-time	–	–	318	335	350
Women	–	–	257	279	294
Men	–	–	61	56	56
Temporary contracts	–	–	382	385	375
Full-time	–	–	350	353	333
Women	–	–	205	199	189
Men	–	–	146	154	144
Part-time	–	–	32	32	42
Women	–	–	21	20	26
Men	–	–	10	12	16

GRI indicator G4-10

Non-exempt and exempt employees at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	1,677	1,763	1,868	1,908
Non-exempt employees	–	1,555	1,633	1,727	1,763
Exempt employees	–	122	130	141	145

Seasonal workers at KWS in Germany

		2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	Number	–	107	113	120	120
Share of total workforce	%	–	6.4	6.4	6.4	6.3

GRI indicator G4-10

Loan workers at KWS in Germany

		2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	Number	–	3.5	8	12	14
Share of total workforce	%	–	0.2	0.5	0.6	0.7

GRI indicator G4-10

Employees covered by collective bargaining agreements at KWS in Germany

in %	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Share of total workforce	77.0	76.5	79.9	79.8	79.1

GRI indicator G4-11

Work-life balance

Employees on parental leave at KWS in Germany

		2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Employees who took parental leave	Number	31	62	73	74	95
Women	Number	–	51	59	53	66
Men	Number	–	11	14	21	29
Employees who returned to work after parental leave ended	Number	–	61	69	41	64
Women	Number	–	50	55	22	36
Men	Number	–	11	14	19	28
Ratio of employees who returned to work after parental leave ended	%	98	97	95	98	100
Ratio of women	%	98	97	75	96	98
Ratio of men	%	99	100	100	100	100

GRI indicator G4-LA3

Note: All employees at KWS in Germany are theoretically entitled to parental leave

New hires and employee turnover

New permanent employee hires at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Newly hired permanent employees	74	75	71	76	57
Women	–	31	26	26	23
Men	–	44	45	50	34
Aged up to 20	–	0	0	1	0
Aged 20 to 29	–	23	24	22	24
Aged 30 to 39	–	28	22	28	18
Aged 40 to 49	–	17	20	19	12
Aged 50 to 59	–	7	5	6	3
Aged 60 and above	–	0	0	0	0

GRI indicator G4-LA1

Rate of new permanent employee hires at KWS in Germany

Ratios in the respective category in %	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	4.5	4.0	4.1	3.7
Women	–	3.6	3.0	2.8	1.5
Men	–	5.4	5.1	5.3	2.2
Aged up to 20	–	–	0.0	1.6	0.0
Aged 20 to 29	–	–	6.1	5.5	1.5
Aged 30 to 39	–	–	5.3	5.9	1.2
Aged 40 to 49	–	–	4.9	4.6	0.8
Aged 50 to 59	–	–	1.3	1.5	0.2
Aged 60 and above	–	–	0.0	0.0	0.0

GRI indicator G4-LA1

Employee turnover at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	–	28	30	38
Women	–	–	13	13	14
Men	–	–	15	17	24
Aged up to 20	–	–	0	0	0
Aged 20 to 29	–	–	5	5	10
Aged 30 to 39	–	–	10	12	15
Aged 40 to 49	–	–	8	5	8
Aged 50 to 59	–	–	5	7	5
Aged 60 and above	–	–	0	1	0

GRI indicator G4-LA1

Rate of employee turnover at KWS in Germany

Ratios in the respective category in %	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	2.7	2.3	2.0	2.0	2.5
Women	2.9	2.8	2.0	1.9	1.9
Men	2.5	1.9	2.1	2.2	3.0
Aged up to 20	–	–	0.0	0.0	0.0
Aged 20 to 29	–	–	2.4	2.3	4.9
Aged 30 to 39	–	–	2.8	3.1	3.5
Aged 40 to 49	–	–	2.1	1.3	2.0
Aged 50 to 59	–	–	1.4	1.9	1.3
Aged 60 and above	–	–	0.0	0.9	0.0

GRI indicator G4-LA1

Training and Education

Employees who received performance and career development reviews

Ratios in the respective category in %	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	69.8	62.9	58.5	51.2	51.5
Men	–	47.9	46.5	49.0	45.4
Women	–	52.1	53.5	53.8	54.6
Research & development	–	–	66.4	54.4	52.8
Production	–	–	81.9	61.1	54.4
Distribution	–	–	40.1	47.3	39.1
Administration	–	–	46.3	42.8	44.1

GRI indicator G4-LA11

Average hours of training per year per employee at KWS in Germany

in hours	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	25	24	22	18	18
Women	–	25	24	16	14
Men	–	24	21	18	18
Research & development	–	21	15	11	12
Production	–	10	14	11	10
Distribution	–	17	17	14	12
Administration	–	47	47	37	33

GRI indicator G4-LA11

Apprentices at KWS in Germany

		2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	Number	91	92	98	100	97
Women	Number	–	–	45	51	49
Men	Number	–	–	52	49	48
Industrial	Number	15	17	18	19	18
Agricultural science	Number	44	43	49	51	50
Business administration	Number	32	32	31	30	29
Apprenticeship ratio	%	5.2	5.2	5.6	5.4	5.1

Trainees at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	26	26	25	25	24

Work Safety and Health

Occupational accidents at KWS in Germany

Occupational accidents	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	49	61	69	57	54
Occupational accidents (not involving fatalities)	49	61	69	57	54
Occupational accidents (involving fatalities)	0	0	0	0	0
Women	–	–	19	25	22
Men	–	–	50	32	32
Required to be reported*	20	33	28	24	26
Not required to be reported	29	28	41	33	28
With days lost	28	43	34	36	39
Without days lost	21	18	35	21	15
Occupational accidents per 1 million hours worked by full-time employees**	8	12	9	7	8
Occupational accidents per 1,000 full-time employees**	14	21	16	13	14

GRI indicator G4-LA6

Reference: An occupational accident is an incident where medical care is required.

* In Germany, an occupational accident must be reported to the authorities if more than three days are lost as a result of it.

** Relative to occupational accidents that must be reported to the authorities

Lost days at KWS in Germany

Number of working days	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	235	457	399	408	393
Men	–	–	338	241	137
Women	–	–	61	167	256

GRI indicator G4-LA6

Reference: Lost days resulting from accidents reported to us (excluding commuting accidents)

Diseases rate at KWS in Germany

In %	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Share of employees who reported sick relative to the total workforce	3.6	3.9	3.6	3.7	3.5

GRI indicator G4-LA6

Diversity and Equal Opportunity

Employees according to gender at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	1,674	1,763	1,868	1,908
Women	–	855	879	918	936
Men	–	819	885	950	972

GRI indicator G4-LA12

Employees according to function and gender at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	1,674	1,763	1,868	1,908
Research & development	–	809	842	882	901
Women	–	483	492	507	521
Men	–	326	350	375	380
Production	–	200	212	222	229
Women	–	70	77	81	81
Men	–	130	135	141	148
Distribution	–	324	358	383	381
Women	–	152	161	165	167
Men	–	172	197	218	214
Administration	–	341	352	381	397
Women	–	150	149	165	167
Men	–	191	203	216	231

GRI indicator G4-LA12

Ratio of women in the functions at KWS in Germany

in %	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Research & development	–	–	58.5	57.5	57.8
Production	–	–	36.2	36.4	35.5
Distribution	–	–	45.0	43.1	43.9
Administration	–	–	42.3	43.3	41.9

GRI indicator G4-LA12

Ratio of women in the tiers at KWS in Germany

in %	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Ratio in the 1st tier below the Executive Board	–	–	–	15	9
Ratio in the 2nd tier below the Executive Board	–	–	–	5	9

Age structure of employees at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	–	1,763	1,868	1,908
Aged up to 20	–	–	64	64	65
Aged 20 to 29	–	–	392	399	374
Aged 30 to 39	–	–	415	471	507
Aged 40 to 49	–	–	408	415	415
Aged 50 to 59	–	–	376	392	410
Aged 60 and above	–	–	109	127	137

Employees according to function and age group at KWS in Germany

Number	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total	–	–	1,763	1,868	1,908
Research & development	–	–	842	882	901
Aged up to 20	–	–	40	40	42
Aged 20 to 29	–	–	182	177	169
Aged 30 to 39	–	–	203	233	242
Aged 40 to 49	–	–	196	196	201
Aged 50 to 59	–	–	183	185	192
Aged 60 and above	–	–	38	51	55
Production	–	–	212	222	229
Aged up to 20	–	–	1	4	2
Aged 20 to 29	–	–	47	53	50
Aged 30 to 39	–	–	33	28	42
Aged 40 to 49	–	–	53	55	50
Aged 50 to 59	–	–	66	63	64
Aged 60 and above	–	–	12	18	22
Distribution	–	–	358	383	381
Aged up to 20	–	–	1	0	0
Aged 20 to 29	–	–	84	82	68
Aged 30 to 39	–	–	102	121	131
Aged 40 to 49	–	–	68	65	64
Aged 50 to 59	–	–	55	66	74
Aged 60 and above	–	–	48	49	45
Administration	–	–	351	381	397
Aged up to 20	–	–	23	20	21
Aged 20 to 29	–	–	79	87	88
Aged 30 to 39	–	–	76	88	92
Aged 40 to 49	–	–	90	99	101
Aged 50 to 59	–	–	71	78	80
Aged 60 and above	–	–	12	9	15

GRI indicator G4-LA1

Diversity in the governance bodies

Diversity in the governance bodies of KWS SAAT SE by gender and age group

Number of persons	30.6.2012	30.6.2013	30.6.2014	30.6.2015	30.6.2016
Executive Board as a whole	–	–	4	4	4
Women	–	–	1	1	1
Men	–	–	3	3	3
Aged 40 to 49	–	–	2	2	2
Aged 50 to 59	–	–	1	2	2
Aged 60 and above	–	–	1	0	0
Supervisory Board as a whole	–	–	6	6	6
Women	–	–	1	1	1
Men	–	–	5	5	5
Aged 30 to 39	–	–	1	0	0
Aged 40 to 49	–	–	2	3	2
Aged 50 to 59	–	–	1	1	2
Aged 60 and above	–	–	2	2	2

GRI indicator G4-38

Diversity in the governance bodies of KWS SAAT SE by gender and age group

in %	30.6.2012	30.6.2013	30.6.2014	30.6.2015	30.6.2016
Executive Board					
Women	–	–	25	25	25
Men	–	–	75	75	75
Aged 40 to 49	–	–	50	50	50
Aged 50 to 59	–	–	25	50	50
Aged 60 and above	–	–	25	0	0
Supervisory Board					
Women	–	–	17	17	17
Men	–	–	83	83	53
Aged 30 to 39	–	–	17	0	0
Aged 40 to 49	–	–	33	50	33
Aged 50 to 59	–	–	17	17	33
Aged 60 and above	–	–	33	33	33

GRI indicator G4-38

Whole figures

Equal Pay

Comparison of the salaries of women and men in the tiers

Quotient (basic salary of women/basic salary of men)	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Senior management	–	–	–	0.85	1.0
Upper middle management	–	–	–	1.02	1.1
Middle management	–	–	–	0.95	1.0
Other employees	–	–	–	0.93	0.9

Base: average basic salary of women and men in the various tiers

Resource input

Use of pesticides at KWS SAAT SE (Einbeck location) and KWS LOCHOW GMBH

	Einheit	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
As a seed dressing	t	–	541.2	538.0	550.7	611.6
To care for plants	t	–	0.7	0.9	0.5	0.9
	l	–	3,302	1,759	3,113	1,745

GRI indicator G4-EN1

Sources of water at KWS in Germany, KWS SAAT SE (Einbeck location) and KWS LOCHOW GMBH

in m ³	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Surface water	386	0	150	315	300
Well water	104,530	101,756	100,719	100,980	98,663
Drinking water	20,042	18,123	20,634	17,901	16,756
Rainwater	3,822	3,978	3,902	4,456	4,023
Total	128,780	123,857	125,405	123,652	119,712

GRI indicator G4-EN8

Energy purchased, sold and consumed by KWS SAAT SE (Einbeck location) and KWS LOCHOW GMBH

in MWh	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Energy purchased	77,329	76,800	67,790	72,147	83,208
Renewable	30,949	30,275	24,238	26,024	26,391
Biogas	30,949	30,275	24,238	26,024	26,391
Non-renewable	46,380	46,525	43,552	46,123	56,817
Gas	30,521	31,194	27,433	29,422	40,837
Fuel oil	2,224	838	707	897	605
Diesel (fleet vehicles)	–	302	271	142	1,526*
Gasoline (fleet vehicles)	–	18	6	0	5
Electricity	13,635	14,173	15,135	15,662	13,844
Energy sold (electricity generated from biogas according to the EEG)	11,433	11,167	9,043	10,765	9,701
Energy consumed	65,896	65,314	58,470	61,240	73,507

* Expansion in the data recorded
GRI indicator G4-EN3 und EN4

Resource output
Waste water fed into the sewerage system at KWS SAAT SE (Einbeck location) and KWS LOCHOW GMBH

in m³	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Waste water from production (without pesticides)	50,337	52,836	54,862	49,610	55,629
Purified waste water from production*	449	400	348	370	414
Administration	2,397	7,481	8,051	5,702	4,182
Rainwater	3,784	3,802	3,826	4,287	4,023
Total	56,665	64,519	67,087	59,969	64,248

* Pesticide residues were removed in the waste water purification plant
GRI indicator G4-EN22

Pollution loads in waste water from production containing pesticides at KWS SAAT SE (Einbeck location)

In mg/liter (mean value of the samples in the fiscal year)	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
COD before waste water purification					
CSB	–	–	–	–	2,311.5
AOX	–	–	–	–	Not recorded
TOC	–	–	–	–	Not recorded
COD after waste water purification					
CSB	–	–	–	–	291.2
AOX	–	–	–	–	0.37
TOC	–	–	–	–	165.1

GRI indicator G4-EN22

Waste at KWS SAAT SE (Einbeck location) and KWS LOCHOW GMBH

in t	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Non-hazardous waste	4,744	4,684	4,520	4,605	3,585
Compost materials	3,931	3,984	3,721	3,562	2,748
Industrial waste similar to household refuse	230	223	272	233	298
Technical recyclable materials (steel, paper, etc.)	253	276	338	315	308
Waste from production for thermal recycling	330	201	189	495	231
Hazardous waste	453	437	432	630*	336
Total	5,197	5,121	4,952	5,235	3,921

* Non-recurring effect—renovation work on the waste water purification plant
GRI indicator G4-EN23

Greenhouse gas emissions at KWS SAAT SE (Einbeck location) and KWS LOCHOW GMBH

In tons of CO ₂ equivalent	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Scope 1: Caused by the companies themselves					
Energy consumption	12,762	12,689	10,907	11,598	15,128
Scope 2: Energy purchased					
Electricity	6,758	7,025	7,501	7,763	6,862
Scope 3: Commissioned services					
Transport logistics	5,301	10,084	11,033	10,191	13,673
Business trips with public transport	5,301	8,090	8,930	8,169	11,922
	–	1,993	2,103	2,022	1,650
Total	24,821	29,798	29,441	29,551	35,626

Calculated in accordance with GEMIS version 4.5
GRI indicator G4-EN15,16,17

Presented in accordance with the GHG Protocol

Social Commitment

Expenditure on social commitment by KWS in Germany

In € thousand	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Science and research	407	402	320	380	409
Regional support	254	185	210	204	397
Total	661	587	530	584	806

GRI indicator G4-EC1 and G4-EC7

Strategic Objectives

Overriding objectives of the KWS Group

Strategic Objectives	
Profitable growth	<ul style="list-style-type: none"> ■ Increase in consolidated net sales by an average of 5 % to 10 % p.a. ■ EBIT-marge $\geq 10\%$
Research & Development	<ul style="list-style-type: none"> ■ R&D intensity of around 17 % of consolidated net sales ■ 1 % to 2 % progress in yields p.a. for our customers and development tolerances and resistances
Internationalization	<ul style="list-style-type: none"> ■ Expansion of the portfolios of varieties for subtropical markets
Sustainability	<ul style="list-style-type: none"> ■ Integration of international subsidiaries in KWS' sustainability reporting
Dividend	<ul style="list-style-type: none"> ■ A dividend payout ratio of 20 % to 25 % of the KWS Group's net income for the year

Research & Development

Strategic Objectives	Measures	When?	Status
Corn			
Development of adapted and competitive dent x dent hybrids	Expansion of the breeding programs in China and South America	In the medium term	Underway
	Establishment of 2 new breeding programs for tolerance to drought stress in Southeastern Europe	2016	Underway
Increased yield stability for energy corn	Improvement in tolerance to drought stress and low-input (low-nutrient) conditions, in particular in Eastern Europe, Southeastern Europe and Germany	Continuous improvement	Underway
	Improvement in hardiness	Continuous improvement	Underway
Higher yield stability and quality	Improvement in tolerance to diseases, with the focus on Germany, Austria, France, China and South America	Continuous improvement	Underway
Expansion of genetic diversity for KWS	Establishment of a breeding program for medium-late breeding material in Southwest France, with the focus on developing corn that is tolerant to (leaf) diseases	In the medium term	Underway
Cereals			
Higher yield stability and quality	Improvement in tolerance to low-input conditions, with the focus on wheat and rye	2020	Underway
	Improvement in tolerance to drought stress in Europe, with the focus on rye	2019	Underway
Expansion of breeding and distribution to further countries	Expansion in Russia and Ukraine, for example	In the medium term	Underway

Strategic Objectives	Measures	When?	Status
Sugarbeet			
Research project winter sugar beet: Cold tolerance	<ul style="list-style-type: none"> ■ Improvement in tolerance to cold and frost ■ Regulation of the flowering time to avoid bolters 	Fiscal year 2019/2020	Underway
Herbicide-tolerant varieties for conventional cultivation	Breeding programs for sugarbeet with herbicide tolerance to ALS inhibitors (the class of sulphonylureas)	In the medium term	Underway

Corporate Governance

Strategic Objectives	Measures	When?	Status
Establishment of an International Management System	<ul style="list-style-type: none"> ■ Creation of a central technical platform ■ Introduction of "Rules, Guidelines and Procedures" ■ Definition of the organizational structure and process organization ■ Audit management ■ Synchronization with Corporate Risk Management and Corporate Compliance Management 	2020	An international platform with group-wide Rules, Guidelines and Procedures has been created and will now be successively expanded and continuously improved. As a flanking measure, audit management has been adapted to the higher requirements. There will also be greater synchronization with Corporate Risk Management and Corporate Compliance Management.
Expansion of sustainability reporting to cover the KWS Group	<ul style="list-style-type: none"> ■ Internationalization: materiality analysis, definition of the set of key performance indicators, rollout of the software, organizational structure and process organization ■ Combination with the Annual Report 	Fiscal year 2016/2017	Underway

Product Responsibility

Strategic Objectives	Measures	When?	Status
Group-wide implementation of standards of quality for handling transgenic material and certification in accordance with the biotechnology standard ETS (Excellence Through Stewardship)	<ul style="list-style-type: none"> ■ Introduction of group-wide regulations ■ Organizational structure and process organization ■ Internal and external audits ■ Training for employees and auditors 	End of 2015	The KWS Group gained ETS certification at the end of 2015.

Environmental Protection at the Company

Strategic Objectives	Measures	When?	Status
Energy efficiency	Energy audits in accordance with ISO 16247 in the EU in order to obtain transparency on consumption	Fiscal year 2015/2016	The energy audits were conducted successfully.
	Optimization of the supply of heat and cold by construction of a new central cooling plant	Fiscal year 2017/2018	Initial planning has been carried out. Achievement of the objective in fiscal 2015/2016 was rescheduled to fiscal 2017/2018.
	Successive conversion of greenhouse lighting to light-emitting diodes (LEDs)	Fiscal year 2019/2020	Retrofits have already been carried out.
Introduction of consistent environmental, health and safety standards at production companies	<ul style="list-style-type: none"> ■ Definition of the standards and introduction of them at the companies ■ Definition of the organization and responsibilities ■ Establishment of a monitoring and controlling concept 	Fiscal year 2017/2018	Underway

This KWS Sustainability Report 2015/2016 was prepared in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI) and fulfills the status “Core.”

Scope of reporting

The scope of reporting in accordance with GRI G4 comprises General Standard Disclosures and Specific Standard Disclosures.

- The General Standard Disclosures are reported fully by KWS and so the report complies with the higher status “Comprehensive” in this regard.
- The scope of the Specific Standard Disclosures to be reported was defined by a materiality analysis conducted on the basis of a stakeholder survey in the spring of 2014. The local relevance of GRI Aspects is indicated directly in the GRI Index. A distinction is made between internal and external relevance. In the case of external relevance, there is a further distinction on the basis of upstream value added (e.g. at service providers and suppliers) and downstream value added (e.g. at customers and processors).

- The management approach and associated indicators are reported for GRI Aspects of internal relevance in accordance with the specifications of the GRI. KWS reports on just about all indicators required for the “Comprehensive” status.

Using the index

- The references given in the “Chapter/comments” column in the index below take you directly to the required disclosures in the Sustainability Report or other media content or documents of KWS. This column also indicates audited contents of the report.
- If an indicator is not reported fully, the reasons for that are presented in the “Notes on completeness” column in accordance with the reasons specified in the GRI for omitting indicators or parts of them.

Permitted reasons for omission of indicators in accordance with GRI G4

Reason	Definition
Not applicable	A Standard Disclosure, part of a Standard Disclosure, or an indicator is not applicable; the reason why it is considered to be not applicable should be
Confidential information	The information is subject to specific confidentiality constraints ; those constraints are to be disclosed by the organization.
Legally prohibited information	The existence of specific legal prohibitions; a reference to the specific legal prohibitions should be made.
Information unavailable	The information is currently unavailable. In the case of the unavailability of data, the organization should disclose the steps being taken to obtain the data and the expected timeframe for doing so.

General Standard Disclosures

Strategy and Analysis

Required disclosures	Chapter/comments	Notes on completeness
G4-1: CEO statement	Foreword by the Executive Board, Corporate Governance	✓
G4-2: Impacts, risks, and opportunities	Corporate Governance, Strategic Objectives, Risk Report in the Annual Report (page 49 et seq.)	✓

Organizational Profile

Required disclosures	Chapter/comments	Notes on completeness
G4-3: Name	Profile of KWS Group	✓
G4-4: Primary brands, products and services	Profile of KWS Group	✓
G4-5: Location of headquarters	Profile of KWS Group	✓
G4-6: Countries where the organization operates	Profile of KWS Group	✓
G4-7: Nature of ownership and legal form	Profile of KWS Group	✓
G4-8: Markets served	Profile of KWS Group	✓
G4-9: Scale of the organization	Profile of KWS Group, Figures, page 124 of the Annual Report for the audit opinion from the independent auditor	✓
G4-10: Total workforce	Figures	✓
G4-11: Employees covered by collective bargaining agreements	Labor and Social Standards, Figures	✓
G4-12: Supply chain	Profile of KWS Group	✓
G4-13: Significant changes regarding size, structure or ownership	There have been no significant changes in the reporting period.	✓
G4-14: Explanation of how the precautionary approach is addressed	Modern Breeding Methods, Product Safety, Plant and Process Safety, Use of Resources	✓
G4-15: Externally developed charters, principles or initiatives	Labor and Social Standards, Corporate Governance, Product Quality, Use of Resources	✓
G4-16: Memberships in associations and advocacy organizations	Stakeholder Dialogue	✓

Material Aspects

Required disclosures	Chapter/comments	Notes on completeness
G4-17: Corporate structure	Fundamentals of Reporting	✓
G4-18: Process for defining report content	Fundamentals of Reporting	✓
G4-19: Material Aspects	Fundamentals of Reporting	✓
G4-20: Material Aspects within the organization	GRI Index (specified for the GRI Aspects identified as material in the Standard Disclosures)	✓
G4-21: Material Aspects outside the organization	GRI Index (specified for the GRI Aspects identified as material in the Standard Disclosures)	✓
G4-22: Explanation of any restatements of information	Any restatements are specified at the relevant positions in the report's "Figures" section.	✓
G4-23: Explanation of changes to the report parameters	Fundamentals of Reporting	✓

Stakeholder

Required disclosures	Chapter/comments	Notes on completeness
G4-24: Stakeholder groups engaged by the organization	Stakeholder Dialogue	✓
G4-25: Basis for selection of stakeholder groups	All relevant and important stakeholder groups are addressed.	✓
G4-26: Approaches to stakeholder engagement	Stakeholder Dialogue	✓
G4-27: Topics and concerns of stakeholders	Stakeholder Dialogue	✓

Fundamentals of Reporting

Required disclosures	Chapter/comments	Notes on completeness
G4-28: Reporting period	Fundamentals of Reporting	✓
G4-29: Date of publication of the most recent report	8th Sustainability Report dated October 15, 2015	✓
G4-30: Reporting cycle	Fundamentals of Reporting	✓
G4-31: Contact person for questions regarding the report	Fundamentals of Reporting	✓
G4-32: GRI index	GRI Index	✓
G4-33: External assurance of the report	Our Sustainability Report is not examined/audited externally at present.	

Governance

Required disclosures	Chapter/comments	Notes on completeness
G4-34: Governance structure	Executive Board and Supervisory Board	✓
G4-35*: Delegation of responsibility for development of sustainability	Executive Board and Supervisory Board	✓
G4-36*: Competences for development of sustainability	Executive Board and Supervisory Board	✓
G4-37*: Consultation with stakeholders	Executive Board and Supervisory Board	✓
G4-38*: Composition of the highest governance body	Executive Board and Supervisory Board, Figures	✓
G4-39*: Independence of the highest governance body	Executive Board and Supervisory Board	✓
G4-40*: Nomination and selection processes	Executive Board and Supervisory Board	✓
G4-41*: Conflicts of interest	Executive Board and Supervisory Board	✓ ✓
G4-42*: Highest governance body's role in developing sustainability strategies and objectives	Executive Board and Supervisory Board	
G4-43*: Knowledge of the highest governance body	Executive Board and Supervisory Board	✓
G4-44*: Evaluation of the highest governance body's performance	Top management's performance is evaluated at the Annual Shareholders' Meeting in the form of ratification of the acts of the Executive Board and the Supervisory Board in accordance with the German Corporate Governance Code.	✓
G4-45*: The highest governance body's role in the identification of the impact on sustainability	Corporate Management and Supervision, Corporate Governance	✓
G4-46*: The highest governance body's role in reviewing the effectiveness of the risk management processes	Executive Board and Supervisory Board	✓
G4-47*: Frequency of the review of the impact on sustainability	Executive Board and Supervisory Board	✓
G4-48*: Internal review of the Sustainability Report	Executive Board and Supervisory Board	✓
G4-49*: Process for communicating critical concerns to the highest governance body	Corporate Governance	✓
G4-50*: Critical concerns	Corporate Governance	✓
G4-51*: Remuneration policies	Corporate Management and Supervision, Compensation Report in the Annual Report (page 61 et seq.)	✓
G4-52*: Determination of remuneration	Corporate Management and Supervision, Compensation Report in the Annual Report (page 61 et seq.)	✓
G4-53*: Mechanisms for seeking and taking into account the views of employees and shareholders regarding compensation	Stakeholder Dialogue, Corporate Governance in the Annual report (page 60)	✓

Required disclosures	Chapter/comments	Notes on completeness
G4-54*: Ratio of total compensation for the organization's highest-paid individual to that of employees		This indicator is not reported on at present. A reporting system is currently being formulated and the figures are expected to be published in the next Sustainability Report.
G4-55*: Increase in total compensation for the organization's highest-paid individual relative to that of employees		This indicator is not reported on at present. A reporting system is currently being formulated and the figures are expected to be published in the next Sustainability Report.

Ethics and Integrity

Required disclosures	Chapter/comments	Notes on completeness
G4-56: Internally developed statements of mission or values, codes of conduct and principles	Corporate Governance, Code of Business Ethics (www.kws.com/compliance), Code of Business Ethics for Suppliers (www.kws.de/aeb), Group-wide Rules, Guidelines and Procedures	✓
G4-57*: Mechanisms for seeking advice on ethical and lawful behavior	Business Ethics	✓
G4-58*: Mechanisms for reporting concerns about unethical or unlawful behavior	Business Ethics	✓

* Additional disclosures for the report status "Comprehensive"

¹ www.kws.de/compliance

² www.kws.de/aeb

Specific Standard Disclosures—Economic

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Economic Performance			
General management approach	Internal	Corporate Governance, Economic Performance	✓
G4-EC1: Direct economic value generated and distributed	Internal	Economic Performance, Figures	✓
G4-EC2: Financial implications for the organization's activities due to climate change	Internal	Risk management: Corporate Governance, Strategic Objectives, Risk Report in the Annual Report (pages 49 et seq.) Using Opportunities: Product Innovations, Use of Resources, R&D Expenditure	Weather-related risks due to climate change cannot be reported in the financial impacts.
G4-EC3: Company retirement pension	Internal	Annual Financial Statements in the Annual Report (page 117 et seq.)	✓
G4-EC4: Financial assistance received from government	Internal	Annual Financial Statements in the Annual Report (page 114)	✓
Aspect: Market Presence			
General management approach	Internal	A minimum wage is absent. Compensation is governed by collective bargaining agreements. Labor and Social Standards	✓
G4-EC5: Local minimum wage	Internal	A minimum wage is absent. Compensation is governed by collective bargaining agreements. Labor and Social Standards	✓
G4-EC6: Senior management hired from the local community	Internal		We do not record this indicator. KWS does not restrict its recruiting to the region around its locations. Due to the specialized know-how required by our employees and executives, KWS needs to recruit staff beyond the region and internationally.
Aspect: Indirect economic impacts			
G4-EC7: Investments in public infrastructure	Internal and external (upstream and downstream)	No investments in public infrastructure were made.	✓
G4-EC8: Indirect economic impacts	Internal and external (upstream and downstream)	Promotion of biodiversity in developing countries	✓

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Procurement Practices			
G4-EC9: Local suppliers	External (upstream)		This indicator is not applicable to KWS since its procurement structures are international.

Specific Standard Disclosures—Environmental

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Products and Services			
G4-EN27: Mitigation of environmental impacts of products and services	External (downstream)	Product Innovations, Product Safety, Product Ecology	✓
G4-EN28: Reclaim of packaging materials	External (downstream)	KWS does not take back any packaging for the seed it sells. The product packaging consists of cardboard and paper. It is disposed of by customers via the “Green Dot” system. As a result, packaging is recycled for commercial use.	✓
Aspect: Business Ethics			
General management approach	Internal	Environmental Standards, Business Ethics	✓
G4-EN29: Fines and sanctions for non-compliance with laws and regulations	Internal	Business Ethics, Figures	✓
Aspect: Supplier Environmental Assessment			
G4-EN32: Screening of suppliers	External (upstream)	Supplier Standards	These figures are currently not available. The concept for supplier audits is being created.
G4-EN33: Impacts in the supply chain	External (upstream)		This indicator is not reported on at present.

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Environmental Grievance Mechanisms			
Specific management approach	Internal	KWS has not implemented a formal grievance management system at present.	✓
G4-EN34: Grievances	Internal		These figures are not available since KWS has not implemented a formal grievance management system at present.

Specific Standard Disclosures—Labor Practices and Decent Work

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Employment			
Specific management approach	Internal	Labor and Social Standards, Securing Junior Staff and Employee Development, Supplier Standards	It is not possible to report at present on how violations identified in the supply chain are handled. The audit system is being established.
G4-LA1: Rates of new employee hires and employee turnover	Internal	Securing Junior Staff and Employee Development, Figures	A breakdown by region is currently not provided, since the report boundary only extends to Germany.
G4-LA2: Benefits provided	Internal	The social welfare and pension benefits are granted to all employees in accordance with the provisions under employment and social insurance law. In Germany there are also special regulations for temporary employment defined in company agreements for company pensions, care leave and childcare. Labor and Social Standards	✓
G4-LA3: Parental leave	Internal	Labor and Social Standards, Figures	The retention rate is not reported on at present. A data capture concept is currently being developed and the figures are expected to be able to be published in the next Sustainability Report.

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Labor/Management Relations			
General management approach	Internal	We comply with the statutory regulations and so have not defined a uniform notice period throughout the group.	✓
G4-LA4: Minimum notice periods regarding significant operational changes	Internal	We comply with the statutory regulations and so have not defined a uniform notice period throughout the group.	✓
Aspect: Occupational Health and Safety			
Specific management approach	Internal	Occupational Safety and Health Promotion, Labor and Social Standards	✓
G4-LA5: Workforce represented in health and safety committees	Internal	Figures	✓
G4-LA6: Injuries, occupational diseases, lost days, absenteeism and work-related fatalities	Internal	Occupational Safety and Health Promotion, Figures	<p>The following figures are not reported:</p> <ul style="list-style-type: none"> Occupational diseases; no industry-specific diseases are known Days lost through illness, since this is not required for internal controlling (alternatively, we report the illness rate) Total absenteeism, since this is not required for internal controlling Figures for external employees, since the external employer is responsible for them <p>A breakdown of the figures by region is currently not provided, since the report boundary only extends to Germany.</p>
G4-LA7: Incidence or high risk of diseases	Internal	Employees in breeding and research are given the necessary vaccinations against tick bites, if necessary in their specific region.	✓
G4-LA8: Health and safety agreements with trade unions	Internal	There are currently no agreements with trade unions on specific health and safety issues	✓
Aspect: Training and Education			
General management approach	Internal	Securing Junior Staff and Employee Development	✓
G4-LA9: Average annual further training per employee	Internal	Securing Junior Staff and Employee Development, Figures	✓

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
G4-LA10: Skills management and lifelong learning	Internal	Securing Junior Staff and Employee Development, Labor and Social Standards	✓
G4-LA11: Employee performance and career development reviews	Internal	Securing Junior Staff and Employee Development, Figures	The figures are not broken down by level of hierarchy at present. A reporting system is currently being formulated and the figures are expected to be published in the next Sustainability Report.
Aspect: Diversity and Equal Opportunity			
General management approach	Internal	Labor and Social Standards, Diversity and Equal Opportunity	✓
G4-LA12: Composition of governance bodies and breakdown of employees by diversity criteria	Internal	Diversity and Equal Opportunity, Figures	Figures on membership of employees to any minority groups are not collected or reported, since recording of such data is not permitted in Germany under the General Act on Equal Treatment.
Aspect: Equal Remuneration for Women and Men			
Specific management approach	Internal	Labor and Social Standards, Diversity and Equal Opportunity	
G4-LA13: Ratio of basic salary of men to women	Internal	Diversity and Equal Opportunity, Figures	✓
Aspect: Supplier Assessment for Labor Practices			
G4-LA14: Screening of suppliers	External (upstream)	Supplier Standards	These figures are not available at present. The concept for supplier audits is being established.
G4-LA15: Impacts in the supply chain	External (upstream)	Supplier Standards	This indicator is not reported on at present.
Aspect: Labor Practices Grievance Mechanisms			
Specific management approach	Internal	KWS has not implemented a formal grievance management system at present.	✓
G4-LA16: Grievances	Internal		These figures are not available since KWS has not implemented a formal grievance management system at present.

Specific Standard Disclosures—Human Rights

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Specific management approach	Internal, external (upstream)	Labor and Social Standards, Supplier Standards, Code of Business Ethics ¹ , Code of Business Ethics for Suppliers ²	✓
G4-HR1: Human rights aspects in investment agreements and supplier contracts	Internal, external (upstream)		✓
G4-HR2: Employee training on human rights	Internal, external (upstream)	Specific training courses on the subject of human rights are not held at present.	✓
Aspect: Non-discrimination			
General management approach	Internal	Labor and Social Standards, Diversity and Equal Opportunity	✓
G4-HR3: Incidents of discrimination and corrective actions taken	Internal	No cases of discrimination came to the employee representatives' attention in the reporting period.	✓
Aspect: Freedom of Association and Collective Bargaining			
Specific management approach	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers ²	✓
G4-HR4: Operations and suppliers where the right to exercise freedom of association and collective bargaining may be at significant risk	Internal, external (upstream)	There is a potential risk in countries where we operate which do not belong to the OECD. Supplier Standards, Code of Business Ethics for Suppliers ²	✓
Aspect: Child Labor			
General management approach	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers ²	✓
G4-HR5: Operations and suppliers identified as having significant risk for incidents of child labor	Internal, external (upstream)	There is a potential risk in countries where we operate which do not belong to the OECD. Supplier Standards, Code of Business Ethics for Suppliers ²	✓
Aspect: Forced or Compulsory Labor			
General management approach	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers ²	✓
G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor	Internal, external (upstream)	There is a potential risk in countries where we operate which do not belong to the OECD. Supplier Standards, Code of Business Ethics for Suppliers ²	✓

¹ www.kws.de/compliance

² www.kws.de/aeb

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Security Practices			
General management approach	Internal	There is no management approach at present, since one has not been regarded as necessary to date.	✓
G4-HR7: Security personnel trained in aspects of human rights	Internal	There is currently no special training on human rights.	✓
Aspect: Assessment			
General management approach	Internal	Code of Business Ethics ¹ , Code of Business Ethics for Suppliers ²	✓
G4-HR9: Operations that have been subject to human rights impact assessments	Internal	No special assessment is carried out at present.	✓
Aspect: Supplier Human Rights Assessment			
G4-HR10: Screening of suppliers	External (upstream)		This indicator is not reported on at present.
G4-HR11: Impacts in the supply chain	External (upstream)		This indicator is not reported on at present.
Aspect: Human Rights Grievance Mechanisms			
Specific management approach	Internal	KWS has not implemented a formal grievance management system at present.	✓
G4-HR12: Grievances	Internal		This indicator is not reported on at present.

¹ www.kws.de/compliance

² www.kws.de/aeb

Specific Standard Disclosures—Society

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Local Communities			
G4-SO1: Local community engagement, impact assessments, and development programs	External (upstream)	Dialogue is conducted with regional stakeholders at the location of headquarters. Stakeholder Dialog, Social Commitment	✓

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
G4-SO2: Negative impacts on local communities	External (upstream)	There were no significant negative impacts in the reporting period.	✓
Aspect: Anti-corruption			
Specific management approach	Internal	Business Ethics	✓
G4-SO3: Analysis of risks related to corruption at business units	Internal	Business Ethics, Figures	✓
G4-SO4: Training in anti-corruption	Internal	Business Ethics	This indicator is not reported on at present.
G4-SO5: Incidents of corruption and actions taken	Internal	Business Ethics	This indicator is not reported on at present.
Aspect: Public Policy			
Specific management approach	Internal	Code of Business Ethics ¹ , Work in Associations, Stakeholder Dialogue, Modern Breeding Methods	✓
G4-SO6: Contributions to political parties and politicians	Internal	None. Gifts to officials and employees of state-owned companies are prohibited in principle. Code of Business Ethics ¹	✓
Aspect: Anti-competitive Behavior			
General management approach	Internal	Business Ethics, Code of Business Ethics ¹	✓
G4-SO7: Legal actions for anti-competitive behavior	Internal	Business Ethics, Figures	✓
Aspect: Business Ethics			
General management approach	Internal	Business Ethics	✓
G4-SO8: Fines and sanctions for non-compliance with laws and regulations	Internal	Business Ethics, Figures	✓
Aspect: Supplier Assessment for Impacts on Society			
G4-SO9: Screening of suppliers	External (upstream)		These figures are not available at present. The concept for supplier audits is being established.
G4-SO10: Impacts in the supply chain	External (upstream)		This indicator is not reported on at present.

¹ www.kws.de/compliance

² www.kws.de/aeb

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Grievance mechanisms for impacts on society			
Specific management approach	Internal	KWS has not implemented a formal grievance management system at present.	✓
G4-SO11: Grievances	Internal		These figures are not available since KWS has not implemented a formal grievance management system at present.

Specific Standard Disclosures—Product Responsibility

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
Aspect: Customer Health and Safety			
G4-PR1: Impacts on human health and safety	External (downstream)	All seed for sale is tested and undergoes an official approval process. Product Quality, Product Safety	✓
G4-PR2: Non-compliance with regulations on health protection and safety	External (downstream)	Business Ethics, Figures	✓
Aspect: Product and Service Labeling			
G4-PR3: Labeling of products	External (downstream)	Product Safety	✓
G4-PR4: Non-compliance with regulations concerning product and service labeling	External (downstream)	Business Ethics, Figures	✓

Required disclosures	Relevance in the value chain	Chapter/comments	Notes on completeness
G4-PR5: Measurement of customer satisfaction and results	External (downstream)	<p>Customer satisfaction surveys are conducted at irregular intervals by means of qualified random sampling. Binding procedural instructions in KWS' management system define how complaints are handled.</p> <p>In addition, customer wishes are ascertained by means of regular market research studies and close contact by consultants with farmers so that these wishes can be included in forecasts for demand for varieties. The results from customer satisfaction surveys are kept confidential for competitive reasons and so are not reported.</p>	
Aspect: Marketing			
General management approach	Internal, external (downstream)	Modern Breeding Methods, Product Safety, Product Ecology, Stakeholder Dialogue	✓
G4-PR6: Sale of banned or disputed products	Internal, external (downstream)	Modern Breeding Methods, Product Safety, Product Ecology, Stakeholder Dialogue	✓
G4-PR7: Non-compliance with regulations on marketing	Internal, external (downstream)	Business Ethics, Figures	✓
Aspect: Business Ethics			
General management approach	Internal	Business Ethics	✓
G4-PR9: Fines and sanctions for non-compliance with laws and regulations	Internal	Business Ethics, Figures	✓

Imprint

KWS SAAT SE
 Grimsehlstraße 31
 Postfach 1463
 37555 Einbeck
 Germany
 Tel. + 49 5561 311-0
 Fax + 49 5561 311-322
 info@kws.com
 www.kws.com

Photos

Uwe Aufderheide | Hollis Bennett
 Frank Bertram | Jan Eric Euler
 Eberhard Franke | Dominik Obertreis
 Landpixel | KWS Gruppenarchiv

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